



**FOREIGN  
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# ***Daily Report***

## **China**

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# Daily Report

## China

FBIS-CHI-94-212

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2 November 1994

**NOTICE TO READERS:** Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable. Some will also indicate whether the item has been translated from the vernacular or transcribed from English. An \* indicates material not disseminated in electronic form.

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## General

### U.S. Delegation Meets With Burma SLORC Secretary

OW0111172394 Beijing XINHUA in English 1645  
GMT 1 Nov 94

[FBIS Transcribed Text] Yangon [Rangoon], November 1 (XINHUA)—First Secretary of Myanmar [Burma] State Law and Order Restoration Council (SLORC) Lieutenant-General Khin Nyunt today met visiting U.S. delegation led by Deputy Assistant Secretary for East Asian and Pacific Affairs of the Department of State Thomas Hubbard, local television reported this evening.

The delegation includes one official from the National Security Council, one narcotics control official from the Department of State and one official from the Democracy, Human Right and Labor Affairs of the Department of State.

The report said the two sides discussed the improvement of bilateral relations, political and economic development in Myanmar, narcotics control and potential of cooperation between the two countries.

Thomas Hubbard is the most ranking U.S. official to visit Myanmar since 1988.

Since late 1988, U.S. companies have invested over 200 million U.S. dollars in Myanmar.

### Correction to Wu Yi Hits 'Protectionism'

HK0111033694

The following is a correction to the item headlined "Wu Yi Hits 'Protectionism' Under Antidumping Guise" published in the 31 October 1994 China DAILY REPORT, page 2:

Second column, first full paragraph, second sentence make read: ...year; in the first eight months, actual foreign investment exceeded \$20 billion, an increase... (changing "last" to "first" and correcting amount of actual foreign investment)

## United States & Canada

### Trade Official Views Li Lanqing's U.S. Visit

HK0211024794 Beijing ZHONGGUO XINWEN SHE  
in English 0914 GMT 1 Nov 94

[FBIS Transcribed Text] Beijing, November 1 (CNS)—Chinese Vice-premier Li Lanqing leading a delegation left here for America today with an aim of closing up economic and trade ties between China and America. Mr. Shi Jianxin, deputy director of the Department of North America and Oceania Affairs under the Ministry of Foreign Trade and Economic Cooperation, said before he accompanies Mr. Li to visit America that Mr. Li's timing to visit America, when the Sino-American relations showed signs of improvement, would no doubt

create better circumstances for cooperation between industrial and commercial circles of both countries.

Mr. Shi disclosed that Vice-Premier Li, on one hand, was scheduled to meet leaders of American Government, congressmen and industrial and commercial figures, discussing developing potential existed in the two countries's economic and trade fields and expressing China's wish to develop mutual-beneficial cooperation with America; on the other hand, was to exchange views with American side on issues of common concerns such as China's reentry to GATT, making clear Chinese Government's stance and expounding Chinese side's principles [passage as received]. Mr. Li would also attend a forum on Sino-American cooperation on infrastructure construction to be held in Washington, and another forum on Sino-American cooperation on automobiles to be held in Chicago. He would deliver speeches on both occasions.

Mr. Shi stressed that China hoped American Government would fully understand China's serious and earnest attitude on such issues as re-entry to GATT, intellectual property rights protection and openness of trade and service markets, as well as China's determination to develop socialist market economy.

This year has seen the Sino-American bilateral trade value grow at a high speed. The bilateral trade value in the first three quarters numbered US\$ 24.18 billion, especially China's import value from America registered a sharp increase of 46.3 percent than the corresponding period of last year, much higher than 26.8 percent growth in China's export value to America if compared with last year. It is estimated that the year-round bilateral trade value will total US\$ 30 billion.

Among 500 biggest American enterprises, more than 80 had had investment in China, said Mr. Shi. American Government had placed China at the top of the list of new overseas markets, indicating that American Government as well as industrial and commercial circles began really emphasizing the importance of the Chinese market. He also held that American Government should show more initiatives on some aspects such as transfer of technology and issuance of short-term loans by its industrial and commercial circles in their course of exploitation of Chinese market.

As for China's re-entry to GATT, Mr. Shi believed that China and America were able to reach a scheme acceptable to both sides, the key to this was the actual move made by American side. However, he disclosed that Mr. Li had no plan to have specific negotiations with American side on China's re-entry to GATT on this visit.

Accompanying the vice-premier's visit to America are Vice Minister of the State Planning Commission, Mr. Gan Ziyu, and Vice-Minister of Foreign Trade and Economic Cooperation, Mr. Shi Guangsheng.

**U.S. Telecommunications Firm To Invest \$2 Billion**

OW0111223794 Beijing XINHUA in English 1605  
GMT 1 Nov 94

[FBIS Transcribed Text] Beijing, November 1 (XINHUA)—CDMA Communications Inc. of the United States plans to spend two billion U.S. dollars on the spreading of the company's advanced CDMA technology.

Parviz Nazarian, chairman of the company, disclosed this here over the weekend.

The U.S. company has a registered capital of 50 million U.S. dollars and is engaged in the development, production, and trading of mobile telecommunications and satellite telecommunications equipment. It holds patents for some of the most advanced technologies in the field of telecommunications.

CDMA (Code Division Multiple Address) is the latest exchange system in the telecommunications field and is believed to be superior to all other exchange systems of TDMA [expansion unknown] and GSM [expansion unknown] now used in mobile telecommunications in the aspects of capacity, sound quality and frequency, and it is capable of saving clients the trouble of installing special telephone lines as ordinary telephone sets require. The technology is hailed as a product of communications for the next century.

In late 1993 the Ministry of Posts and Telecommunications signed an agreement with the CDMA company and decided to introduce CDMA technology into the country's national mobile telecommunications network.

After having obtained success and experience at the experimental center in Tianjin, the country has approved the spreading of the technology across the country.

According to Li Yuling, manager of the China office of CDMA Communications Inc., the parent company has set up an agency in Beijing and has signed letters of intent with Shandong Province, and Beijing and Tianjin Municipalities for producing and developing CDMA technology on co-operative terms.

**Tianjin, U.S. Law Offices Sign Cooperation Contract**

OW0211045794 Beijing XINHUA in English 0318  
GMT 2 Nov 94

[FBIS Transcribed Text] Tianjin, November 2 (XINHUA)—A law office in this north China port city and a U.S. attorney's office have signed a contract on co-operation in legal services.

The contract was signed between the Tianjin Beiyang Law Office and Caesar and Napoli of the United States.

According to the contract, the two offices will carry out co-operation in the fields of consultancy, negotiations and lawsuits in corporate, marine commercial, international business, insurance, contract, real estate, immigration, foreign investment and property right law.

The two offices act as each other's agent and have set up liaison offices in each other's country.

The Tianjin Beiyang Law Office employs 45 lawyers, providing legal services for both governmental departments, enterprises and individuals mainly in the fields of finance, commerce, real estate and securities.

**Central Eurasia****Liu Huaqing Meets Russian Navy Commander**

OW0211102794 Beijing XINHUA in English 0905  
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—Liu Huaqing, vice-chairman of China's Central Military Commission, met with Feliks Gromov, commander-in-chief of the Russian Navy, and his party here today.

Extending a welcome to Gromov, Liu said that China and Russia enjoy good relations, adding that he is confident that the current visit by Gromov will further promote the friendly relations between the two countries and their armed forces.

Sino-Russian friendly relations are very important, Liu said, adding that developing bilateral friendship and co-operation not only accords with the fundamental interests of the two peoples, but is also conducive to world peace and stability.

Liu noted that China and Russia, two great nations with long histories, should develop long-term friendly-neighbor relations.

Gromov expressed satisfaction over the progress of Russia-China relations. He said that China is a great country, and that frequent exchange of visits between leaders of the two countries is helpful for the development of bilateral relations.

Gromov and his party are here as guests of Zhang Lianzhong, commander of the Navy of the Chinese People's Liberation Army. Zhang and Gromov held talks yesterday.

**Russian Flight Attendant Arrested for Smuggling**

SK0111063994 Tianjin People's Radio in Mandarin  
2300 GMT 31 Oct 94

[FBIS Translated Text] With the assistance of airport security personnel, for the first time Tianjin Customs cracked a case of technicians from a Russian airline

smuggling cigarettes into Tianjin, confiscated the smuggled cigarettes on the spot, and imposed fines on the smugglers.

At 1600 on 2 October, scheduled flight (?No. 1543) from Irkutsk landed, and four technicians proceeded to the departure gate. Of them, a flight attendant departed the airport lounge and proceeded to a peddlers' market to the right of the airport. Custom Officer (Liu Jianguo) rushed after her, and found that when the flight attendant opened her bundle wrapped in blanket in front of a Chinese woman peddler, she removed 10 packs of Marlboro cigarettes and traded the cigarettes with this peddler at a price of [words indistinct]. The flight attendant was arrested on the spot by airport security personnel.

### Northeast Asia

#### Further Reportage on Rong Yiren Visit to Japan

##### Meets Emperor Akihito

OW0111144294 Beijing XINHUA in English 1418  
GMT 1 Nov 94

[FBIS Transcribed Text] Tokyo, November 1 (XINHUA)—Visiting Chinese Vice President Rong Yiren paid a courtesy call on Japanese Emperor Akihito and Empress Michiko at the Imperial Palace today, officials at the Chinese Embassy in Tokyo said.

Akihito recalled his visit to China two years ago and expressed the hope that relations between Tokyo and Beijing will be further expanded, the officials said.

Rong briefed the emperor on bilateral cooperation and exchange in the fields of economy, science and technology. He is satisfied with the progress in cultural exchange between the two countries.

During the 30-minute meeting, the two discussed the need for China and Japan to strengthen cooperation in the preservation of cultural relics and environmental protection, according to the officials.

Akihito told Rong that rapid economic development should not be achieved at the price of causing environmental pollution, adding that some rare animals are facing extinction because of the overuse of modern pesticides.

The emperor thanked China for lending a couple of ibis to Japan earlier this year for their breeding in his country, according to the officials.

##### Rong Meets Foreign Minister Kono

OW0211094894 Beijing China Radio International in Japanese 0930 GMT 1 Nov 94

[FBIS Translated Text] According to the China Radio International Tokyo correspondent, Japanese Foreign Minister Yohei Kono held a party on 31 October to entertain visiting Chinese Vice President Rong Yiren. At

the party, Foreign Minister Kono indicated the Japanese Government's position of further promoting bilateral relations based on the principle of the Japan-China Joint Statement. Moreover, he added that while attaching importance to bilateral ties, the Japanese Government will continue to support China's reform and opening up policies and hope that the friendly relations between Japan and China will continue for generations to come.

In response, Vice President Rong Yiren said: Former and current leaders of China and Japan have concentrated their efforts on developing healthy bilateral ties, and have done their best for this cause. Therefore, it is necessary for our two nations to make further efforts in maintaining and developing cooperative relations and also to further expand activities in various fields.

Speaker Bunbei Hara, of the Japanese House of Councillors, held talks with Vice President Rong on the same day. He indicated that, based on our learning lessons from history, we must try to develop cooperative relations between China and Japan because such relations are favorable not only to the Asian-Pacific region but also to the world.

Vice President Rong Yiren attended a party hosted by the Federation of Economic Organizations of Japan [Keidanren] on the afternoon of 31 October, and stated that in promoting healthy development of friendly cooperation between China and Japan, it will be necessary to pay attention not only to the present but also to the 21st century.

##### Rong, House Speaker Doi Meet

OW0111143794 Beijing XINHUA in English 1428  
GMT 1 Nov 94

[FBIS Transcribed Text] Tokyo, November 1 (XINHUA)—Chinese Vice President Rong Yiren met Japanese House of Representative Speaker Takako Doi today and called for a strengthened relationship between Beijing and Tokyo, a Chinese official said.

Rong, who arrived in Japan Friday [28 October] on a seven-day visit, praised Doi for having made efforts to the development of bilateral ties, the official said.

He told the woman speaker that parliamentary exchange between China and Japan has promoted the development of Sino-Japanese relations.

Doi recalled her last visit to China in August and expressed the hope that the bilateral friendship will be maintained and developed toward the 21st century, according to the official.

##### Japanese Insurance Company Opens Office in Shanghai

OW0211104094 Beijing XINHUA in English 0932  
GMT 2 Nov 94

[FBIS Transcribed Text] Shanghai, November 2 (XINHUA)—A second foreign commercial insurance company has become involved in China's booming insurance



industry, as the Tokyo Marine and Fire Insurance Co. Ltd of Japan officially started business here today.

The Japanese company was preceded by the American International Group, which was given approval to set up a branch here in 1992.

An official of the Japanese company said that the Tokyo Marine and Fire Insurance Co. Ltd plans to open offices in Chinese cities including Beijing, Dalian, Guangzhou and Shenzhen.

The Japanese company, which conducted marine insurance business here immediately after it was established in 1879, is Japan's oldest and largest insurance company specializing in property insurance.

Company sources said that the company is also one of the largest in the world in terms of compensation capability, total assets and insurance income.

It is learned that in Japan property insurance companies are called marine insurance companies.

#### **Japan Sets Up Cultural Exchange Fund at College** *OW0111133894 Beijing XINHUA in English 1307 GMT 1 Nov 94*

[FBIS Transcribed Text] Lanzhou, November 1 (XINHUA)—The five-million-yen Kobayashi Tatamichi International Cultural Exchange Fund has been set up here in the Northwest Teachers' College, in northwest China's Gansu Province.

Kobayashi Tatamichi, who has forged close friendship with the college, is a visiting Japanese professor here.

College President Wang Fucheng said the fund has been established to attract academically high-level personnel.

As an encouragement, an academician of the Chinese Academy of Sciences or the Chinese Academy of Engineering will get 50,000 yuan, a doctorate-level tutor, 30,000 yuan and a post-doctorate scholar or overseas-retained doctor 20,000 yuan, if they choose to work at the college.

According to him, the college has established international academic exchanges and friendly relationships with higher-learning institutions in other countries and regions, including the United States, Germany, Japan and Canada.

So far, the college has successfully launched six international academic conferences.

Fu disclosed that Kobayashi Tatamichi has also expressed his willingness to invest another 15 million yen to help the college build a new school specializing in rural and township enterprises. Details of the project are being negotiated right now.

#### **Further Reportage on Li Peng's Visit to South Korea**

##### **Li Stresses PRC-ROK Relations**

*SK0111144994 Beijing China Radio International in Korean 1100 GMT 1 Nov 94*

[FBIS Translated Text] On the night of 31 October in Seoul, Chinese Premier Li Peng said: The Chinese Government is attaching great importance to Chinese-ROK relations. China is willing to make active efforts to develop Chinese-ROK relations of good-neighborliness and friendship on the basis of the five principles of peaceful coexistence.

Premier Li Peng said this at a banquet hosted in his honor by ROK President Kim Yong-sam.

Premier Li Peng added: Although there were turns and twists in the past in relations between China and the ROK due to historic reasons, the two countries discontinued these abnormal relations and realized the normalization of their diplomatic relations in August 1992 through joint efforts. Relations between the two countries have developed very quickly in the short span of two years.

Premier Li Peng said: The two countries of China and the ROK are close to each other historically and geographically, their cultural traditions are similar, and the prospects for cooperation are broad.

In his speech, President Kim Yong-sam stated: The era of Asia and the Pacific will come soon. Cooperation between China and the ROK not only will be beneficial to the co-prosperity of the two countries, but may also contribute to the peace and prosperity of the Northeast Asian region. Chinese Premier Li Peng's first visit to the ROK carries great significance, and I believe this will further promote friendly relations between the two countries by all means [kipilko].

##### **Li, Yi Yong-tok Discuss Economic Ties**

*OW011115794 Beijing XINHUA Domestic Service in Chinese 0946 GMT 1 Nov 94*

[By reporters Qi Deliang (2058 1795 5328) and Tang Shuifu (3282 3055 1381)]

[FBIS Translated Text] Seoul, 1 Nov (XINHUA)—ROK Prime Minister Yi Yong-tok met with visiting Chinese Premier Li Peng here today. The two sides comprehensively exchanged views in a cordial and friendly atmosphere on further strengthening bilateral economic cooperation relations.

During the meeting, Yi Yong-tok expressed his satisfaction over the development of the ROK-PRC relations. He said: During President Kim Yong-sam's visit to China in March this year, the two countries agreed to promote industrial cooperation. At present, the bilateral cooperation in this respect is progressing rapidly. ROK

businessmen unanimously forecast a good economic situation in China and love to invest in China. According to him, cultural exchanges and cooperation in other fields between the two countries are also progressing smoothly. He expressed the belief that Premier Li Peng's current visit will further promote the bilateral friendly and cooperative relations.

Li Peng said during the meeting: China and the ROK are neighbors. The establishment of diplomatic relations between the two countries two years ago put an end to isolation between them and opened a new chapter in the annals of their relations. Since the establishment of diplomatic relations, the good-neighborly, friendly, and cooperative relations between the two countries have developed rapidly and exchanges between their personnel have kept increasing. The Chinese side is satisfied with the development. Li Peng expressed the belief that his current visit will certainly promote understanding between the leaders of the two countries, enhance the friendship between their peoples, and help promote further development of the friendly and cooperative bilateral relations in all fields.

Li Peng pointed out that PRC-ROK cooperation is very good in all fields, particularly in the economic and trade fields, and it has a great potential with broad prospects. He said that the establishment of the PRC-ROK industrial cooperation committee is a new-type cooperation. He hopes that the two sides will make concerted efforts on the basis of equality and mutual benefit to ensure a successful industrial cooperation.

Li Peng said that the world has entered into an era of high technology and that both China and the ROK can explore future cooperation in this field.

During the meeting, Yi Yong-tok expressed his appreciation of China's constructive role in promoting peace and stability on the Korean Peninsula.

Li Peng said: China, as the neighbor to both the South side and the North side of the Korean Peninsula, hopes to see a stable situation on the peninsula; and it hopes that the South side and the North side of the peninsula will independently achieve the goal of their peaceful reunification. He pointed out: China pursues an independent peaceful foreign policy and particularly attaches importance to developing good-neighborly, friendly, and cooperative relations with all its surrounding countries. China develops relations with the Democratic People's Republic of Korea and the ROK on the basis of the five principles of peaceful coexistence, which will be conducive to peace and stability in this region and in the world at large.

During the meeting, Li Peng extended his invitation for Yi Yong-tok to visit China whenever it is convenient for him. Yi Yong-tok thanked Li Peng for the invitation.

After the meeting, Prime Minister Yi Yong-tok feted Premier Li Peng and his wife Zhu Lin at the prime minister's residence.

### Li on Principles for Economic Cooperation

OW0111162094 Beijing XINHUA in English 1558  
GMT 1 Nov 94

[FBIS Transcribed Text] Seoul, November 1 (XINHUA)—Visiting Chinese Premier Li Peng today outlined four principles for the smooth development of economic cooperation between China and the Republic of Korea (ROK).

Addressing local economists and business leaders at a reception held in his honor, Li said the first of these principles is peaceful co-existence and long-term friendship.

Although China and the ROK have different social systems and ideologies, their differences have not been and will never be an obstacle to the promotion of bilateral relations, Li said.

China will not change its basic stand of rejecting hegemonism and power politics, no matter what changes may take place in the world, Li stated.

The reception was hosted jointly by the Korean Chamber of Commerce and Industry, the Korean National Federation of Economists, the Korean Trade Association and the Federation of Medium-Sized and Small Industries.

The second principle, the premier said, is mutual benefit and complementary.

China and the ROK enjoy a wide range of cooperation in the economy and science and technology from which they both benefit, Li said.

He went on to say that China is giving priority to the development of such key industries as transport, energy and raw materials, as well as of the infrastructure, and wishes to learn from the experience and expertise of the ROK.

Li also welcomed ROK businessmen, particularly those working in medium-sized and small industries, to take part in China's economic construction and bring advanced technology and experience to China.

The third principle, he explained, is more consultations between the two countries.

Some problems, such as imbalances in trade and tariffs, exist in Sino-ROK trade relations, but they can be resolved through consultations between the relevant parties from the two countries, he said.

The fourth principle is seeking opportunities and common development, Li said.

With the rapid economic development in both China and the ROK, seeking opportunities to strengthen economic cooperation and development is a common objective, the premier noted.

Speaking on behalf of the Korean economic bodies, Kim Sang-ha, president of the Korean Chamber of Commerce and Industry, stressed the importance of economic cooperation between China and the ROK.

#### Further on Sino-ROK Cooperation

OW0211114894 Beijing XINHUA Domestic Service in Chinese 1717 GMT 1 Nov 94

[(By reporters Qi Deliang (2058 1795 5328) and Zhang Yijun (1728 4135 0193))]

[FBIS Translated Text] Seoul, 1 Nov (XINHUA)—At a welcoming reception hosted by ROK industrial and business circles this evening, Chinese Premier Li Peng gave a comprehensive exposition on a series of issues such as China's reform, opening up, economic construction, as well as the development of Sino-ROK economic and trade cooperation.

The reception was held jointly by four large ROK economic organizations: the Korean Chamber of Commerce and Industry, the Korean National Federation of Economists, the Korean Trade Association, and the Federation of Medium-Sized and Small Industries.

Kim Sang-ha, president of the Korean Chamber of Commerce and Industry, cordially welcomed Li Peng's visit on behalf of the ROK industrial and business circles. He said: The ROK and China have traded actively and engaged in financial and technological cooperation in recent years, and are gradually moving onto the path of industrial cooperation.

Kim Sang-ha said: China possesses rich natural resources, human resources, and a vast market, conditions essential for economic growth. He believed that in the future, China will play a more important role in this region's economic development.

During his speech, Li Peng praised the ROK industrial and business circles for their efforts in promoting ROK-Sino economic cooperation.

Speaking to some 500 industrial and business figures present at the reception, Li Peng said: Since the end of the 1970's, China's reform, opening up, and modernization has entered a new era under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics. There is no historical precedent on China's decision to establish the socialist market economic system. It is a brand-new experiment and innovation.

Li Peng said: China has opened up to the outside world while promoting reform. Over the past 15 years, China has opened up regions in the eastern coast, along the Chang Jiang, and in the interior with provincial capitals as centers, gradually establishing an order of opening up that is multifarious, multi-structural, and multifiform. The investment environment for foreign businessmen

has continuously improved and various foreign-oriented laws and regulations are increasingly perfected.

Li Peng said: China attaches importance to drawing on all the world's achievements of civilization, including those created by the developed Western countries as well as rich experience of newly industrialized Asian nations and regions in economic development. In addition, it includes drawing on capital, advanced science and technology, and management experience as well as learning other achievements of civilization.

He believed that with the gradual establishment of the socialist market economic system, China will definitely maintain a sustained, rapid, and healthy development of the national economy.

Li Peng pointed out: In 15 years' of reform, opening up, and economic construction, China has learned an important experience in correctly handling the relations between reform, development, and stability. Economic work is the center of all tasks, reform and opening up are the driving forces for promoting development, and development and reform is a foundation for ensuring social stability and the country's long lasting peace. However, the maintenance of social stability is an essential condition for development and reform.

He said: Since the beginning of this year, China has closely centered on the overall task of seizing opportunities, deepening reform, opening up wider, promoting development, and maintaining stability to make new achievements in various work. In particular, China has implemented a series of major reforms for the financial, taxation, foreign exchange, investment, price, and circulation systems. This is a decisive step taken for establishing the socialist market economic system.

Speaking on Sino-ROK economic and trade relations, Li Peng said: "We are pleased to note that although they started late, China and the ROK have brought about a very fast development speed in bilateral economic and trade cooperation." ROK enterprises have successively invested in establishing plants in China, and such momentum is still gaining strength. As of June this year, China has approved a total number of 3,579 ROK investment projects with contracted sums totally some \$3 billion in China. However, considering the development potential of bilateral economic and trade relations, this amount is low. I hope more ROK enterprises will invest in China. The Chinese Government will strive to create a better environment and provide more convenience for investors.

During his speech, Li Peng expounded the following four principles for developing bilateral economic and trade cooperation:

—Peaceful Coexistence and Long-Term Friendship.  
Although China and the ROK have different social systems and ideologies, these differences have not



been and should not become an obstacle to the development of relations, including economic and trade relations. China and the ROK are close neighbors across the sea, and it is the common desire [gong tong yuan wang 0364 0681 1959 2598] of the peoples and business circles of the two countries to maintain a long-term neighborly friendship. China sincerely hopes that the Korean peninsula will remain stable and peaceful over a long period. China appreciates the "one China" policy the ROK pursues [feng xing 1144 5887].

—Equality, Mutual-Benefits, and Mutual Supplementation of Advantages. China and the ROK strongly supplement each other economically, and the field of cooperation is very extensive. China's Eighth Five-Year Plan will soon be completed and the Ninth Five-Year Plan will be launched beginning in 1996. China is currently readjusting its industrial structure, and for the period from now until the end of this century, China will give priority to developing such basic industries as communications, energy, and important raw materials, as well as infrastructure, the fields where the ROK has its edge. There are bright prospects for cooperation in these fields if the two sides desire to forge cooperation. There are also bright prospects in research, application, and development in the fields of basic science and high and new technology.

Li Peng said: China is willing to cooperate not only with large ROK enterprises, but also medium and small-sized enterprises. ROK enterprises are welcomed to invest in China's coastal regions as well as the interior and remote regions. It is because these areas are not only rich in natural and labor resources, but also possess vast markets. Just like investing in coastal regions, there are bright prospects for investing in the inland.

—Strengthen Consultations and Cooperate Sincerely. Economic and trade relations between China and the ROK are generally good. It is inevitable for problems to occur during the development process. Equality, mutual-benefits, mutual supplementation of what either side lacks is the principle and foundation for developing bilateral trade. If only the two sides strengthen consultations, enhance understanding, and make joint efforts, it is not difficult to solve problems.

—Seize Opportunities and Develop Jointly. The Chinese economy is at a sustained, rapid, and healthy development stage, and will continue to maintain the good development momentum. From now until the end of this century, it is expected to maintain an average annual growth rate of between eight to nine percent. Foreign trade is also expected to grow at least at the same rate. China will then provide a vast market for the world. The world's enterprises, including those from the ROK, are welcomed to participate in fair competition.

Premier Li Peng concluded: A common historical mission shouldered by China and the ROK is to promote

their individual economic growth, greet greater development of the 21st century, as well as meticulously foster [jing xin pei yu 4737 1800 1014 5148] good neighborly and friendly relations, and carry them into the 21st century for later generations.

#### Li Meets With PRC Personnel in Seoul

OW0211121194 Beijing XINHUA Domestic Service in Chinese 1245 GMT 1 Nov 94

[FBIS Translated Text] Seoul, 1 Nov (XINHUA)—On 1 November, Chinese Premier Li Peng, who is currently on a visit here, met with all the Chinese embassy personnel in the ROK, representatives of China's organs stationed in the ROK, and representatives of Chinese teachers and students in the ROK at the Hotel Lotte where he stayed.

After briefly summing up the achievements scored during his visit to the ROK over the past two days, Li Peng said: Chinese personnel stationed in the ROK should shoulder the task of further developing Sino-ROK relations. It is hoped that all Chinese personnel will work hard and make greater contributions to the development of relations between the two countries.

Li Peng also encouraged all of them to make more friends, appreciate the situation, learn the ROK's strong points, and implement China's independent foreign policy in a better way.

#### Editorial on Li Peng's Visit

HK0111152994 Hong Kong TA KUNG PAO in Chinese 1 Nov 94 p 2

[Editorial: "The Great Significance of the Chinese Premier's First Visit to South Korea"]

[FBIS Translated Text] Chinese Premier Li Peng arrived in Seoul yesterday and began his five-day official visit to the ROK. This is the first visit by a Chinese premier to the ROK. Those accompanying Premier Li Peng include Qian Qichen, vice premier and foreign minister of China, and 47 leading entrepreneurs from more than 30 large Chinese enterprises. This more obviously shows that the visit is mainly aimed at further developing PRC-ROK economic and trade relations.

In any case, this is an important event in Asia and in the Asia-Pacific Rim as a whole, and it is of great significance for promoting economic development, peace, and stability in Asia, especially Northeast Asia.

ROK President Kim Yong-sam yesterday held talks with Premier Li Peng, and the two government leaders agreed to further strengthen economic cooperation and cooperation in other fields between the two countries. The two sides will sign a number of economic and technical cooperation agreements, including agreements on cooperation in developing the peaceful utilization of atomic energy and on direct civil aviation links from Beijing, Shenyang, Qingdao, Dalian, and Tianjin to Seoul. The

ROK is one of Asia's "four little dragons," and China has made remarkable achievements in economic development since the adoption of the opening policy. Now, the two countries are further strengthening their cooperation, and this is extremely beneficial to both countries and their people.

In Seoul, Premier Li Peng will meet with some Korean entrepreneurs, and will answer their questions about investment in China. In particular, the Chinese entrepreneurs in the entourage from the car-making, machine-building, electronics, textile, and aviation industries will also visit relevant factories and enterprises in the ROK, and will discuss investment arrangements with their cooperation partners.

In the short period of two years since China and the ROK established diplomatic relations on 24 August 1992, trade between the two countries has been increasing. The volume of bilateral trade last year increased by 63.5 percent over that in 1992; and in the first eight months of this year the volume of trade increased to \$6.89 billion, an increase of 54 percent over the same period of last year. In the first eight months of this year, China's exports to the ROK increased by 63 percent, and the imports from the ROK increased by 13.5 percent. China has become the ROK's third-largest trade partner (next to the United States and Japan). The volume of direct trade between the two countries since the establishment of diplomatic relations is much greater than that of the indirect trade via Hong Kong in the decade before the establishment of diplomatic relations.

China and the ROK are close to each other geographically, and the two countries are separated only by the Huang Hai [Yellow Sea]. As long as shipping and air transportation are developed properly, this situation is highly favorable to those engaged in economic exchanges between the two countries. In addition, the two nations share close cultural traditions and historical ties. The establishment of diplomatic relations naturally added momentum to their economic exchanges.

Because both countries are now making efforts to develop their national economies and improve the living standards of their people, they have increasing needs for funds, consumer goods, and advanced technologies. The economic development of the two countries is now situated in different stages, so there is naturally a complementary relationship between the two sides. For example, China needs funds to support its economic growth, and China is also a huge market. This makes China highly attractive to South Korean enterprises and their products.

The economy of the ROK continues to maintain a high level of growth, and its need for crude oil, coal, cotton, cereals, and textiles is increasing. Now, it can import such raw materials from China; at the same time, the ROK is also glad to see that it can find such a huge market as China for its steel products, heavy machinery, cars, electronic products, and chemical products.

In view of such mutual benefit and complementarity, the direct talks between Premier Li Peng and the head of government and important officials of the ROK are of great immediate significance. Through concrete discussions, both sides will carry out economic and technical cooperation in many aspects, including cooperation in the production of passenger planes and cars. This is also urgently needed by both sides.

China's Bo Hai Rim, including the three provinces of Shandong, Hebei, and Liaoning and Tianjin Municipality, has become the first main area of Sino-ROK economic cooperation. In the area of the Bo Hai Rim, there is abundant low-cost and high-quality labor, and the dense population there has a high consumption capacity and forms a market with a high demand for foreign consumer durables. This naturally attracts investment from ROK enterprises.

Although the social systems of China and the ROK are different, this does not obstruct the two countries from further removing some factors constraining their economic and trade relations on the basis of equality, mutual benefit, and mutual respect for each other's sovereignty. The two countries have the actual needs and potential for further expanding their economic and trade cooperation. In terms of bilateral trade, the trade with the ROK now accounts for only 5 percent of China's total foreign trade, and the investment from the ROK only accounts for 0.3 percent of the total foreign investment in China. If the Chinese and South Korean leaders can solve some concrete problems in their current talks, undoubtedly the economic and trade cooperative relationship between the two countries will be pushed to new heights.

As is known to all, the Chinese Government played a creative and positive role in the whole process of resolving the nuclear dispute on the Korean peninsula. China stands for settling the dispute through peaceful dialogue. As China has special relationships with the two Koreas, China's efforts are conducive to increasing the mutual understanding and trust between the two sides on the Korean peninsula.

On 21 October, the DPRK concluded a framework accord with the United States on the nuclear issue, and this proved that China's constant position on carrying out peaceful dialogue could indeed promote mutual understanding and resolve differences.

Because China is going all out to promote economic construction and improve its people's livelihood, it is eager to maintain a peaceful internal and external environment. A peaceful and stable Korean peninsula is of great significance not only to the ROK and the DPRK, but to China, to Asia, and to the world as a whole.

China and the ROK should and absolutely can make contributions to promoting the stability of the Korean peninsula and to further promoting peace and economic prosperity in the Asia-Pacific region. In this sense, the

Seoul meeting between the Chinese and ROK leaders is of positive and far-reaching significance.

#### **China, ROK To Build Nuclear Power Plants**

HK0211113794 Hong Kong WEN WEI PO in Chinese  
22 Oct 94 p A2

[Report: "China, South Korea to Invest \$4 Billion to Jointly Build Two Nuclear Power Stations"]

[FBIS Transcribed Text] According to information from Seoul, while in South Korea for a formal visit on 31 October at the invitation of South Korean President Kim Yong-sam, Chinese Premier Li Peng will sign an "Air Transport Agreement" for a Beijing-Seoul route and a "Nuclear Energy Protocol," under which China and South Korea will jointly build nuclear power stations.

The media quoted Hwang Pyong-tae, South Korean ambassador to China, as saying: "China and South Korea have agreed to jointly build two 1,000,000 kw-nuclear power stations worth \$3 to 4 billion each in China. The two parties have sent engineers to Shanghai, Jiangsu, and Fujian to study the feasibility of building the nuclear power stations there. While in South Korea on an official visit from 31 October to 4 November, the two parties will sign an 'Agreement on Peaceful Utilization of Nuclear Energy' and a 'Nuclear Safety Protocol' to achieve an early cooperation between the two sides in the utilization of nuclear energy."

It is learned that the two sides initialed the two documents on 18 October. The two sides have agreed in principle to install the light-water nuclear reactor to be installed in the Nuclear 4 and 5 Power Stations now under construction in the Ulchin area, South Korea. Under the U.S.-North Korean agreement signed in Geneva, the two sides have also agreed that the "Ulchin-type" reactors will be installed in Pyongyang in support of its nuclear development.

According to the principal terms of the Sino-South Korean "Air Transport Agreement," there will be regular air service between Seoul and Beijing, Qingdao, Shanghai, Tianjin, and Shanghai.

#### **Liu Shuqing Holds Talks With Kim Tae-chong**

OW0111144494 Beijing XINHUA in English 1415  
GMT 1 Nov 94

[FBIS Transcribed Text] Beijing, November 1 (XINHUA)—Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs (CPIFA) held talks with Kim Tae-chong, chairman of Kim Tae-chong Peace Foundation for the Asia-Pacific region of the Republic of Korea, here this afternoon.

This evening, Liu hosted a banquet in honor of Kim and his party, who arrived here this morning at CPIFA's invitation.

#### **Kim Tae-chong Speaks at Trade Seminar in Beijing**

OW0211115594 Beijing XINHUA in English 1125  
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—Chinese and ROK (Republic of Korea) scholars and businessmen gathered here today to discuss cultural exchanges and trade co-operation between the two countries.

More than 200 delegates from both sides attended the opening ceremony of the 1994 Sino-Korea Seminar for Oceanic Cultural Exchanges and Trade Co-Operation.

Kim Tae-chong, a noted Korean political figure and president of the Kim Tae-chong Peace Foundation for Asia and the Pacific, addressed the conference.

He said China's economic growth over the past few years has attracted the world's attention, and the cultural exchanges and trade co-operation between the two countries can supplement each other's advantages.

Both sides should jointly explore ways for mutual development which center on economic co-operation and stable trade expansion, said Kim, who is on his first tour of China.

Yu Guangyuan, president of the Pacific Society of China, said the ROK's miraculous economic development over the past 30 years has brought it into the ranks of newly-developed industrialized countries.

Exchanges and co-operation between the two Asian countries are important factors in international economic life, Yu stressed.

The participants are to study Sino-Korean cultural exchanges and trade co-operation from different aspects and different angles. During the two-day conference they will also discuss joint cultural projects featuring peace, friendship, development and prosperity in the Asia-Pacific region.

#### **ROK Firms Invest \$2.97 Billion First Half of 1994**

HK0211070994 Beijing ZHONGGUO XINWEN SHE  
in English 1256 GMT 1 Nov 94

[FBIS Transcribed Text] Seoul, November 1 (CNS)—According to the second joint conference of the Sino-South Korea Civil Economic Association opened here today, by the former half of this year, China had approved 3,579 items funded by South Korean enterprises with contracted capital of US\$2.97 billion. China has become the first biggest investment market for South Korean enterprises in terms of the number of investment items in China.

According to statistics of the Chinese Customs, the bilateral trade value between China and South Korea from January to September this year reached US\$7.83



billion with an increase of 47.9 percent than the same period of last year. The year-round bilateral trade value is expected to surpass US\$10 billion.

Starting from last year, South Korean consortia and big enterprises began investing in China, and gradually the investment turned to be of great scale, multi-fields, capital-intensive-oriented, technology-intensive-oriented, and of resources exploitation. For example, South Korean businessmen injected US\$300 million in Shandong for building up a cement plant. The Daewoo Group invested US\$800 million for cooperative automobile manufacture project with the Changchun First Automobile Manufacture in Northeast of China. Other large cooperative items are under negotiations.

### **Shanghai Container Terminals Buy Cranes From ROK**

*OW0111141094 Beijing XINHUA in English 1342 GMT 1 Nov 94*

[FBIS Transcribed Text] Shanghai, November 1 (XINHUA)—The Shanghai Container Terminals Limited, believed to be one of the biggest in China, today placed an order for two heavy-duty cranes with a machinery producer of the Republic of Korea.

An agreement was signed today between the Shanghai company, which is a Hong Kong-funded joint venture, and the Sangyong Corporation of South Korea.

This was part of the efforts to enhance the handling capacity of the Shanghai container terminals, which has made 56 million U.S. dollars worth of orders for large cranes and heavy-duty lorries with French, Japanese and domestic manufacturers.

The Shanghai-based joint venture, partly funded by the Hutchison Shanghai Harbor Investment Co. Ltd., is now pouring more than 400 million yuan (49.5 million U.S. dollars) to renovate old berths and replace outdated equipment.

## **Southeast Asia & Pacific**

### **Cross-Border Shipping on Mekong River Picking Up**

*OW0211103794 Beijing XINHUA in English 0922 GMT 2 Nov 94*

[FBIS Transcribed Text] Kunming, November 2 (XINHUA)—Cross-border navigation is gaining momentum on the Mekong River, which runs through China and its five neighbors in Southeast Asia.

The 4,880-km-long river rises in the Tanggula Mountains in western China's Qinghai Province, and flows to the south across Laos, Myanmar, Thailand, Cambodia and Vietnam.

Its section in China is known as the Lancang River, while the part outside China is called the Mekong. The valley

is abundant in resources for developing navigation, irrigation, power, minerals, tourism, forestry and fisheries.

According to the Transport Department of Yunnan Province, nearly 400 ships from Laos, Myanmar [Burma] and Thailand have sailed into China since September 1991, when a wooden motorboat from Myanmar made the first voyage.

In return, Chinese ships have carried 15,000 tons of freight and 4,000 passengers to neighboring countries over the past two years.

A five-year governmental agreement was signed last month between China, Laos, Myanmar and Thailand to allow ships of the four countries to sail on part of the river course.

The opened section, 923 km long, runs from Nandeba in China and Luan Prabang in Laos.

Since early 1990 the four countries have conducted trial navigation, carried out technical investigations on the course, dredged waterways and built berths.

Meanwhile, international shipping business has also started along the river. A tourist journey by water has been explored from Jinghong in Yunnan Province to the golden triangle in three adjoining South Asian nations.

### **Official in Australia, Promotes Basin Development**

*HK0211043094 Beijing ZHONGGUO XINWEN SHE in English 0942 GMT 1 Nov 94*

[FBIS Transcribed Text] Sydney, November 1 (CNS)—Shanghai and other provinces in the Chang Jiang River basin is an indivisible entity in the aspect of economic development. However, they have particular emphasis or division of labour as far as distribution of industry is concerned, said Mr. Huang Ju, Mayor of Shanghai.

Mr. Huang, who is presently in Australia for a visit, has expounded this viewpoint on several occasions when giving speeches here. The Chang Jiang River basin, which occupied half of China's economy, he said, was just like a great dragon, with its head, Shanghai, and its torso, other provinces, being indivisible and linking tightly to each other. Therefore the date of economic prosperity for the whole Chang Jiang River basin will also mean an economic boom for Shanghai.

Economic growth of Shanghai has maintained at a rate of 14 percent in the recent three years, this, however, still lags behind other provinces in the Chang Jiang River basin, revealing the economy of the Chang Jiang River basin has been vigorously developed in recent years.

In distribution of industry, Shanghai will put more emphasis on tertiary industry including finance, trade, high-tech, etc. In this way, Shanghai will fully utilize its advantages such as rich information, developed ports

and qualified personnel. Other industry like light industry and textiles will be mainly developed in Jiangsu, Zhejiang or Anhui, where labour cost is relatively low.

Being the head of the dragon, Shanghai will act as a centre to lead and promote economic growth of the whole Chang Jiang River basin. Actually, Shanghai's development is not only an issue of Shanghai but also links to the economy of other provinces in the Chang Jiang River valley.

According to Mr. Huang, Shanghai will basically become an international economic centre by the year 2010. To achieve this target, Shanghai should support and promote mutual economic prosperity of the whole Chang Jiang River basin. Therefore Shanghai has decided that in the coming ten years or more, it will promote the construction of networks of transport, posts and telecommunications of the Chang Jiang River, encourage conglomeration and innovation among enterprises of different regions, build a number of large-scale groups and multinational companies that cover different regions and industries, as well as promote the exploitation and development of large scale industrial zones in the Chang Jiang River valley.

#### **Qiao Shi Arrives for Official Visit to New Zealand**

OW0211025894 Beijing XINHUA in English 0156  
GMT 2 Nov 94

[FBIS Transcribed Text] Wellington, November 2 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC) of China, arrived here this morning to start a five-day official good-will visit to New Zealand.

This is the first ever visit made to New Zealand by China's NPC standing committee chairman since the two countries established diplomatic ties in 1972.

Arriving here by the same plane were main members of chairman Qiao's entourage, including Yu Wen, the chairman's wife; Cao Zhi, secretary-general of the NPC Standing Committee; Liu Huaqiu, vice foreign minister; Du Qinglin, chairman of the Standing Committee of the Hainan Provincial People's Congress; and Li Guohua, vice-minister for foreign trade and economic cooperation.

Chairman Qiao flew in here from Auckland where he arrived by special plane earlier this morning. He was greeted at Auckland airport by New Zealand Minister of State Robin Gray and Chinese Ambassador to New Zealand Li Jinhua, who accompanied Qiao on the flight here in a charter plane.

In a written speech at Auckland Airport, chairman Qiao noted that in spite of the vast ocean between them, China and New Zealand have developed bilateral relations in all fields and conducted fruitful cooperation in

the political, economic, scientific and technological, cultural and educational and other fields with noticeable results.

"All this shows that it is possible for states to establish a long-term stable friendship based on equality and mutual benefit so long as they respect and understand each other and follow the principle of seeking common ground while setting aside differences," he said.

Relations between China and New Zealand have been increasing in recent years. Chairman Qiao's visit is preceded by a trip to China by New Zealand Prime Minister James Bolger last year and another by Speaker of the House of Representatives Peter Tapsell earlier this year.

Meanwhile, trade between the two countries has been rising with two-way trade totaling 396 million U.S. dollars in 1993, an 8.1 percent jump from the previous year.

Qiao expressed the hope that his present visit "will further enhance the friendship between our two peoples and exchanges between our two parliaments so that our friendly relations and mutually beneficial cooperation will make further headway in a down-to-earth manner."

During his stay in the country, chairman Qiao will meet with New Zealand Prime Minister James Bolger, Governor-General Catherine Tizard, Speaker of the House of Representatives Peter Tapsell and other officials and visit a number of industrial and other institutions.

New Zealand is the first leg of chairman Qiao's four-nation Oceania and South America tour, which will also take him to Australia, Argentina and Brazil. The chairman will also visit Fiji on his way back home from South America.

#### **Qiao Shi, Prime Minister Discuss Ties**

OW0211112594 Beijing XINHUA in English 1049  
GMT 2 Nov 94

[FBIS Transcribed Text] Wellington, November 2 (XINHUA)—New Zealand Prime Minister Jim Bolger today told the visiting leader of the National People's Congress (NPC) of China that an important aim of his country's foreign policy is to promote mutual understanding and cooperation with China.

Expressing his welcome to the visit to New Zealand by Qiao Shi, chairman of China's NPC Standing Committee, Bolger said that although it will be short, the trip is surely to be fruitful.

At the request of Bolger, Chairman Qiao briefed the prime minister on socialist democracy and the political system in China.

"The fairly rapid economic growth in the past 15 years in China has drawn the attention of the world," Qiao said.

"With economic development, the socialist democratic process has also been accelerating."

Referring to the concerns of some people in the world for possible future major changes in the Chinese political situation, Qiao said China will stick to the road of building socialism with Chinese characteristics and to the policy of reform and opening because its people hope to continue to advance on this road.

Qiao pointed out that socialist democracy in China will surely continue to develop in the light of its own conditions because any effort to promote democracy without taking into consideration China's specific conditions would lead to political turmoil as the country is large in size and has a population of 1.2 billion. And political turmoil does not conform to the country's interests and its people's aspirations, he said.

On Sino-New Zealand relations, Qiao noted that encouraging progress has been made and that there exists a good foundation for Sino-New Zealand friendship and cooperation.

He expressed the hope that further efforts will be made to push the two countries' friendship and cooperation to a new high.

He stressed that China and New Zealand are both located in the Asia-Pacific region and that both of them will benefit from regional peace, stability and economic prosperity.

Qiao declared China's readiness to increase cooperation with other countries, including New Zealand, in the Asia-Pacific region in realizing common economic development and prosperity in the region.

### **Qiao Shi Meets Governor-General**

*OW0211111994 Beijing XINHUA in English 1039  
GMT 2 Nov 94*

[FBIS Transcribed Text] Wellington, November 2 (XINHUA)—New Zealand Governor-General Catherine Tizard today expressed the hope that her country's relations with China will become closer and New Zealand-China economic cooperation and trade boosted.

Meeting with visiting Chairman Qiao Shi of the Standing Committee of the National People's Congress of China here today, Tizard also pledged to do everything possible to increase mutual understanding and friendship between the two countries.

She especially noted that the two countries can further cooperate in tourism and business.

In response, Chairman Qiao expressed the confidence that cooperation will surely increase between the two countries in these two aspects, which are an important part of the effort to strengthen bilateral cooperation.

The governor-general recalled her two visits to China and said that she met many Chinese people during her second trip to China in 1988 and found that they had all adopted a forward-looking approach.

Qiao told her that China is considering how to usher in the 21st century.

"We hope that the 21st century will be a century in which the world sees more peace, development and a new international political and economic order," he said.

"China also wishes to see more progress in the development of Sino-New Zealand relations in the coming century," he declared.

### **Near East & South Asia**

#### **Casablanca Declaration Adopted at Regional Summit**

*OW0211000594 Beijing XINHUA in English 1818  
GMT 1 Nov 94*

[By Huai Chengbo]

[FBIS Transcribed Text] Casablanca, November 1 (XINHUA)—"Casablanca Declaration," a historic document for the Middle East-North Africa (MENA) region, was adopted at the closing session of the three-day economic summit here this afternoon.

Representatives of 61 countries and 1,114 business leaders from all regions of the world, gathered for the MENA economic summit in Casablanca, Morocco, from October 30 to November 1.

The 5-page 14-point declaration says, "the summit leaders feel united behind the vision that brought them to Casablanca, that of a comprehensive peace and a new partnership of business and government dedicated to furthering peace between Arabs and Israelis."

"The participants recognized that there must be an ongoing process to translate the deliberations of Casablanca into concrete steps to advance the twin goals of peace and economic development and to institutionalize the new partnership between governments and the business community," says the document.

It says, "the governments represented at Casablanca and private sector representatives stated their intention to take the following steps:

"Build the foundations for a Middle East and North Africa economic community which involves, at a determined stage, the free flow of goods, capital and labor throughout the region.

"Taking into account the recommendations of the regional parties during the meeting of the sub-committee on finances of the REDWG [Regional Economic Development Working Group] monitoring committee, the



Casablanca summit calls for a group of experts to examine the different options for funding mechanisms including the creation of a Middle East and North Africa development bank. This group of experts will report on its progress and conclusions within six months in the light of the follow on summit to the Casablanca conference.

"The funding mechanism would include appropriate bodies to promote dialogue on economic reform, regional cooperation, technical assistance and long-term development planning.

"Establish a regional tourist board to facilitate tourism and promote the Middle East and North Africa as a unique and attractive tourist destination.

"Encourage the establishment of a private sector regional chamber of commerce and business council to facilitate intra-regional trade relations. Such organizations will be instrumental in solidifying ties between the private and public sectors of the various economies."

The declaration continues: "The participants also intend to create the following mechanisms to implement these understandings and embody the new public-private collaboration:

"A steering committee, composed of government representatives, including those represented in the steering committee of the multilateral group of the peace process, will be entrusted with the task of following up all issues arising out of the summit and coordinating with existing multilateral structures such as the REDWG and other multilateral working groups. The steering committee will meet within one month following the Casablanca summit to consider follow on mechanisms. The committee will consult widely and regularly with the private sector.

"An executive secretariat to assist the steering committee, located in Morocco, will work for the enhancement of the new economic development pattern, thus, contributing to the consolidation of the global security in the region."

The participants expressed their intention to meet again in Amman, Jordan, in the first half of 1995 for a second Middle East-North Africa economic summit, to be hosted by His Majesty King Husayn, the document concludes.

#### **Chi Haotian Meets Egyptian Air Defense Commander**

OW0111075894 Beijing XINHUA in English 0725  
GMT 1 Nov 94

[FBIS Transcribed Text] Beijing, November 1 (XINHUA)—Chinese State Councillor and Minister of National Defense Chi Haotian met here today with Lieutenant General Ahmad Abu-Talib, commander of the air defense of Egypt, and his party.

Chi said that Talib's visit to China is a great event in relations between the two armed forces. The visit, he added, indicates an overall development of relations between the two countries and the two armies.

Talib said that friendly relations between the two countries and the two armed forces have been developing over the past four decades and more. He hoped that the two armed forces of Egypt and China would have closer and more fruitful co-operation.

The Egyptian visitors are here at the invitation of General Cao Shuangming, commander of the Air Force of the Chinese People's Liberation Army.

#### **Wen Jiabao Meets Pakistani Political Delegation**

OW0211113094 Beijing XINHUA in English 1052  
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—Wen Jiabao, alternate member of the Political Bureau and member of the Secretariat of the Central Committee of the Chinese Communist Party (CPC), met here today with a delegation from the Pakistan Muslim League (J), and they exchanged views on issues of common interest.

The seven-member delegation headed by Chaudhry Abdul Sattar, member of the Central Executive Committee of the league and member of the National Assembly of Pakistan, is here as guest of the International Liaison Department of the CPC Central Committee.

#### **Tunisian Prime Minister Receives NPC Delegation**

OW0211000994 Beijing XINHUA in English 2011  
GMT 1 Nov 94

[FBIS Transcribed Text] Tunis, November 1 (XINHUA)—Tunisian Prime Minister Hamed Karoui received here today Li Peiyao, visiting vice chairman of the Standing Committee of China's National People's Congress (NPC), and an NPC delegation led by him.

Emerging from the meeting, Li Peiyao told the press that his talks with the Tunisian prime minister covered international issues of mutual concern, the ties of friendship and cooperation between China and Tunisia, and the domestic policies of economic reform and development of each country.

The Chinese official said their discussions indicated that the two countries share identical or similar views.

He added that he discussed with the Tunisian prime minister ways of promoting friendship and cooperation between China and Tunisia.

He expressed his conviction that the exchange of visits at high levels between the two countries would help strengthen the bilateral cooperation relations.

The Chinese parliamentary delegation arrived in Tunis last Saturday on a five-day goodwill visit.

## Political & Social

### Jiang Addresses Academy of Sciences' Anniversary

OW0111165694 Beijing XINHUA in English 1628  
GMT 1 Nov 94

[FBIS Transcribed Text] Beijing, November 1 (XINHUA)—Chinese President Jiang Zemin said that China's science and technology should develop more rapidly under the new situations.

He made the remark during a discussion held here today to celebrate the 45th anniversary of the founding of the Chinese Academy of Sciences.

Jiang praised the Chinese scientists for their contribution to the promotion of national economy and defense. Especially after the country implemented the policies of reform and opening to the outside world, he said, the academy has integrated the science research with the economic and social development.

Jiang said that the development of science and technology will impel that of the productive forces. The present world situation of peace and development and the thriving technological revolution provide an opportunity for China to develop its science and technology, he noted.

He expressed the hope that China's science and technology will have a leap forward in the next century and make more contributions to the civilization of the whole mankind.

Zhou Guangzhao, president of the Chinese Academy of Sciences, said during the discussion that China has established a qualified science and technology team and a group of research bases.

Zhou said that the academy has achieved a lot of research results in the sphere of natural science, providing scientific information and proposals for the state's policymaking. Meanwhile, the academy also contributes a lot to the transformation and improvement of Chinese traditional industries.

Zhu Guangya, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the Chinese Academy of Engineering also delivered a speech on behalf of the Chinese scientists and technological workers.

### Jiang, Others Greet Women's Paper Anniversary

OW0111135794 Beijing XINHUA Domestic Service in Chinese 0813 GMT 1 Nov 94

[FBIS Translated Text] Beijing, 1 Nov (XINHUA)—Party and government leaders have shown great solicitude for the cause of women's liberation, and the growth and development of women's newspapers. On the occasion of the 10th anniversary of ZHONGGUO FUNU BAO [CHINESE WOMEN'S NEWS], Comrades Jiang

Zemin, Li Peng, Qiao Shi, and Hu Jintao wrote inscriptions for or sent letters to the newspaper.

The inscription by General Secretary Jiang Zemin of the CPC Central Committee reads: Unite the masses of women to make fresh contributions to China's modernization drive.

The inscription by Li Peng, Standing Committee member of the CPC Central Committee Political Bureau and premier of the State Council, reads: Mobilize women of all nationalities to promote social progress.

The inscription by Qiao Shi, Standing Committee member of the CPC Central Committee Political Bureau and chairman of the National People's Congress Standing Committee, reads: Push the building of civilization of our society to promote the cause of women's liberation and to inspire women at large to contribute more to the rejuvenation of the Chinese nation.

In his letter, Hu Jintao, Standing Committee member of the CPC Central Committee Political Bureau, says: Over the past decade, ZHONGGUO FUNU BAO has assiduously publicized the party's line, principles, and policies; has gone all out to reflect the great achievements in the cause of building socialism with Chinese characteristics; has warmly praised the magnificent deeds performed by women at large in reform and construction; has mobilized the masses of women to dedicate themselves to reform, opening up, and the socialist modernization drive; and has played an important role in promoting women's advancement and development. We sincerely hope that ZHONGGUO FUNU BAO will continue to take Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as the guide; will effectively publicize the guidelines of the 14th CPC National Congress and the Third and the Fourth Plenary Sessions of the 14th CPC Central Committee; will further distinguish itself in the newspaper's style and features in the light of the realities of women and by giving prominence to women's special features; and will become a more important media for the party to guide the women's movement as well as a good teacher and helpful friend for the masses of women.

### Comparison of 'Jiang, Chen Write Inscriptions'

HK3110061694

Beijing RENMIN RIBAO in Chinese on 15 October carries on page 2 a 400-character report entitled: "Various Circles in Hunan Hold Grand Ceremony To Pay Respects to Emperor Yan's Mausoleum." The RENMIN RIBAO Chinese version has been compared with the RENMIN RIBAO OVERSEAS EDITION Chinese version headlined "Jiang, Chen Inscribe Hunan Mausoleum," published in the 27 October China DAILY REPORT, page 29 and was found to have the following variations:

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Column one, first paragraph, first sentence reads: ...public memorial ceremony in the Great... (deleting words)

First paragraph, second sentence reads: ...their earliest ancestors. Before the public... (deleting paragraph)

Third paragraph, third sentence reads: ..."Yan Emperor Mausoleum" characters. Chen Bangzhu, deputy... (deleting words).

### Li Lanqing, Others on Need To End Illiteracy

OW0211112494 Beijing XINHUA in English 0949  
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—China is to devote major efforts to basically wiping out illiteracy among people aged 15 to 50 by the year 2000, when the illiteracy rate will be cut to below five percent in areas inhabited by 90 percent of the country's population, according to Vice-Premier Li Lanqing.

In a written speech at a work conference on illiteracy eradication here today, Li pointed out that wiping out illiteracy is indispensable for establishing a market economy system and achieving the country's modernization. He stressed that the literacy target should be incorporated in the state plan for achieving a well-off standard of living.

Statistics show that at present, Chinese illiterates above the age of 15 have numbered 150 million, with those between 15 and 50 totaling 35 million, of which women account for 75 percent. And most of them live in the country's impoverished and outlying areas inhabited by people of minority nationalities.

A senior official from the State Education Commission revealed that the government has worked out a three-phase plan for illiteracy eradication.

According to the plan, by 1996 China will first reduce illiteracy to below five percent in 11 relatively developed provinces and municipalities, where the education facilities are complete and primary education has long been established.

In the second phase China will attain the same target by 1998 in 12 other provinces and autonomous regions, where the education facilities are relatively appropriate and primary education has just been made universal.

In the third phase China will strive to lower the illiteracy rate to below 15 percent by the year 2000 in six other provinces and autonomous regions, where primary education has not been made compulsory yet, and illiteracy eradication in Tibet will be accomplished after 2000.

Meanwhile, the commission urges local governments to strengthen primary education in an effort to limit the number of new illiterates.

Chen Muhua, vice-chairman of the National People's Congress Standing Committee and also chairman of the All-China Women's Federation, disclosed at the conference that the women's federation is planning to make five million illiterate females literate by 1995 and spread practical techniques among rural women.

Chen also told the conference that her federation will launch a donation program to set up 1,000 classes across the country to help 50,000 girls who have dropped out of school to return to their studies.

Statistics released by the State Education Commission show that China has made a total of 185 million illiterate people literate since the founding of New China and the proportion of illiterates in the country's total population has fallen to 12.5 percent from 80 percent in 1949, while the illiteracy rate among people aged from 15 to 50 has dropped to 7 percent.

Since the State Council issued the "regulations on wiping out illiteracy" in 1988, the Chinese Government has taken a series of strong measures and granted ten million yuan (about 1.18 U.S. dollars) in subsidies to promote the work.

During the past three years China has made some five million people literate annually, as compared with 1.4 million in 1988.

The commission also revealed that eight provinces and counties have been rewarded by the United Nations Education, Science and Culture Organization for their outstanding achievements in the literacy campaign.

### Article on Deng's Party Building Theory

HK0111135294 Beijing RENMIN RIBAO in Chinese  
28 Oct 94 p 5

["Seriously Studying and Implementing the Decision of the CPC's Fourth Plenary Session" column by Gong Yuzhi (7895 5148 0037): "Party Building Project and Party Building Theory"]

[FBIS Translated Text] To lead reform and opening up, and attain victory in the new great revolution of the socialist modernization, the "Decision of the CPC Central Committee on Several Major Issues Concerning Party Building" says that party building requires a new great project.

The new revolution and the new great project for party building require theoretical guidance, namely, Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

Deng Xiaoping's theory of building socialism with Chinese characteristics is an integrated scientific system. Party building cannot be separated from the party's entire cause and line. We should first lay stress on applying this theory as a whole to guide party building. Arming the whole party with this theory is precisely the most fundamental thing in the party building project.

According to the "Decision," the basic objective of party building in the new period is to "turn our party into a Marxist political party which is armed with the theory of building socialism with Chinese characteristics; which wholeheartedly serves the people; which is ideologically, politically, and organizationally consolidated; which can withstand all sorts of trials; and which advances ahead of the times."

The "Decision" points out: "Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics contains enriched theory for party building." The theory for party building is an important component part of the scientific system of Deng Xiaoping's theory as a whole. The theory as a whole is a big system while the theory for party building is its branch system. The branch system constitutes a system by itself.

The report to the 14th Party Congress gave a relatively full explanation of the main contents and scientific system of the big system of Deng Xiaoping's theory of building socialism with Chinese characteristics. **How should the origin, main contents, and scientific system of the branch system of Deng Xiaoping's theory be explained?**

As a mature member of the central collective leadership of the party's first generation and mature core of the central collective leadership of the party's second generation, Comrade Deng Xiaoping always attached great importance to strengthening and improving party building.

Historically speaking, Deng delivered a report at the Eighth Party Congress on revising the party constitution and delivered a special speech on the party at the conference of 7,000 people. Focused on the building of the ruling party, these two classic works can be regarded as the most important contribution made by Comrade Deng Xiaoping, as a member of the core of CPC central leadership of the first generation, to the party's theoretical building.

While in charge of central routine work in 1975, Deng Xiaoping introduced overall reorganization and stressed that "the reorganization should be focused on the party."

Following the Third Plenary Session of the 11th CPC Central Committee, he dedicated himself to setting to rights the party's ideological line and political line. He stressed that a correct political line and ideological line must be guaranteed by a correct organizational line. To attain the four modernizations, he said, it is necessary to adhere to the four cardinal principles. "The core of the four adherences is upholding party leadership" and "to uphold party leadership, it is necessary to make efforts to improve party leadership."

In his opening address to the 12th Party Congress, Deng regarded the "rectification of the party style and organizations based on seriously studying the party constitution" as one of the four most important guarantees for

upholding the socialist road and concentrating forces to carry out the modernization program.

Following the political disturbances in 1989, Deng again called for concentration on party building. He said in earnest: It is high time to grasp party building. If problems were to occur in China, they would first be expressed within the Communist Party. In the final analysis, the key lies in doing a good job within the Communist Party.

At every critical moment over the decades, Comrade Deng Xiaoping always regarded party building as an important matter, solemnly raising it before the whole party.

**The main contents and scientific system of Deng Xiaoping's theory of building socialism with Chinese characteristics were summarized in our party's documents on four occasions, each time placing the contents of party building in an important position in this theoretical system.**

The first was the summary in the "Historic Resolution," which listed 10 "main points" of the theory. The 10th point, which is the summary of all, says: "In light of the lesson drawn from the 'Great Cultural Revolution' and the party's status quo, it is necessary to build our party into one with perfect democratic centralism."

The second was the summary of the 13th Party Congress, which listed the 12 scientific theoretical viewpoints of the theory, including "the viewpoint that the style of a ruling party has a bearing on the life and death of the party."

The third was the 12-point summary of the Seventh Plenary Session of the 13th CPC Central Committee, of which the 12th point says: "Uphold party leadership; continuously improve the party's leadership system, leadership style, and leading methods; and strengthen the party's political, ideological, theoretical, and organizational building so that the party will always be a firm core of leadership of the socialist cause."

The fourth was the nine-point basic summary of the 14th Party Congress. "On the question of the leading and reliable force of socialism," the theory "stresses that the Communist Party, as the vanguard of the working class, is the core of leadership of the socialist cause. Meeting the needs of reform, opening up, and the modernization program, the party must constantly improve and strengthen its leadership in all work and improve and strengthen its building. The style of the ruling party and the ties between the party and the masses are matters related to the life and death of the party."

**Of the summaries on four occasions, the argument of the "Historic Resolution" gave a detailed description of the theory of party building.** As we are all studying the system of Deng Xiaoping's theory of building socialism with Chinese characteristics now, I would like to quote the full text here:

"It is necessary to foster the viewpoint that the party should be led collectively by leaders with ability and political integrity, who have emerged from mass struggle, and to ban all forms of personality cult. It is necessary to maintain the prestige of the party leaders and at the same time to ensure that their activities are under the supervision of the people. We should exercise a high degree of centralism based on a high degree of democracy and uphold the principle of the minority being subordinate to the majority, the individual to the organization, the lower levels to the higher levels, and the whole party to the Central Committee. The style of the ruling party is related to the life and death of the party. The party organizations at all levels and all party members and cadres must go deep among the masses, be modest and prudent, share weal and woe with the masses, and resolutely overcome bureaucracy. It is necessary to correctly apply the weapon of criticism and self-criticism, overcome all sorts of erroneous thinking which deviates from the party's correct line, eradicate factionalism, oppose anarchism and out-and-out egoism, and correct unhealthy tendencies, which include privileges. The party must rectify its organizations, purify its ranks, and eliminate the corrupt and degenerate elements who bully the people. In the party leadership over state affairs and all types of economic, cultural, and social work, it is necessary to correctly handle the relations between the party and other organizations; guarantee that the state organs of power, administrative organs, judicial organs, and all kinds of economic and cultural organizations can effectively perform their functions; and ensure that the trade unions, youth leagues, women's federations, scientific associations, cultural groups, and other mass organizations can take the initiative and undertake responsibility in their work. The party must strengthen cooperation with nonparty figures, give full play to the role of the Chinese People's Political Consultative Conference, seriously consult the democratic parties and figures without party affiliation on major state affairs, and respect their proposals as well as the views of experts from various fields. Like other social organizations, the party organizations at all levels must keep their activities within the bounds of the constitution and the law."

The contents of the theory of party building are mentioned here while summarizing the contents and system of the theory of building socialism with Chinese characteristics.

The situation is somewhat different when separately summarizing the system of Deng Xiaoping's theory on party building because party building involves the party's entire work. To comprehensively summarize the theory of party building from a wide angle, it will be necessary to include the contents of other component parts while summarizing the scientific system of the theory of building socialism with Chinese characteristics, which include the party's ideological line, the party's political line, and the theory of party building. This should also be the case in separately summarizing other component parts of the theory, such as Deng Xiaoping's

philosophical thinking, Deng's united front thinking in the new period, and Deng's army-building thinking in the new period. In other words, Deng Xiaoping's theory of building socialism with Chinese characteristics is a big system, which includes many branch systems. There are different ways of dividing the branch systems, which are of varying sizes and which overlap in some aspects.

The Decision of the Fourth Plenary Session of the 11th CPC Central Committee also summarized Deng Xiaoping's theory of building socialism with Chinese characteristics, which includes seven points. Although the seven points are briefly specified and do not include some of the arguments, because it is inappropriate to excessively repeat other parts of the document, they still manifest the general outline of Deng Xiaoping's theoretical system of party building. The first point stresses in general the party's leading position and central role as well as the dialectical unity of upholding and improving party leadership. The remaining points explain from various aspects ideological building, organizational building, and improving the style of work.

While studying Deng Xiaoping's theory of party building, theoretical circles have made a lot of explorations on how to summarize the rich contents and scientific system of this theory. Their means of summarizing also vary. To meet the needs of propaganda and education, it is necessary to pool mass wisdom and make a detailed exposition of the contents and system of Deng Xiaoping's theory of party building based on the seven points listed in the "Decision." In my opinion, first, it is necessary to make a comprehensive summary which should include all the main arguments; second, the arguments should be expressed accurately and in a clear-cut manner, the essence and features should be more outstanding, and the profound meaning of some arguments should be explained; and third, through sorting and analyses, it is necessary to expound the internal links and logical development between the arguments.

Meanwhile, I think expression of the system, which is necessary, should not be rigid. Different expressions, which may have their own strong points, should be mutually complementary and containable. They cannot be merged into one which preserves all the strong points. Moreover, the practice of party building is advancing and people's understanding of this practice and its theory is increasing. As the theory itself is advancing, so must the expression of the theoretical system. The most important thing is not the expression of the system. Instead, it is the meaning of the theory which is developing in practice, the mastery of the essential spirit of the scientific system of the theory, and integration of theory with practice to resolve practical problems in life.

**What, then, is the essential spirit of Deng Xiaoping's theory of party building?**

There is a noticeable passage in the "Decision": "The party must be good at understanding, strengthening, and



improving itself in the new situation of reform and opening up, and seriously study and settle the new problems cropping up in its building." Comrade Jiang Zemin said: "This is a very important guideline, which should be earnestly implemented in the party's ideological, style, and organizational building." The "Decision" also says: "It is necessary to apply the spirit of reform to study the new circumstances, resolve the new problems, apply the successful experience to carry out innovation and creation, and improve the work methods and activities of the party organizations at the basic levels." These two passages are identical and interrelated. The latter refers to party organizations at the basic levels, but the spirit is not limited to those organizations.

We say that reform is China's second revolution. We should use reform to transform China's new and great project under party leadership. Naturally, the spirit of reform should run through the new and great project of party building. As we say that reform constitutes a self-improvement and development of the socialist system, reform of the party building also constitutes a self-improvement and development of our party. We must uphold the fundamental system of socialism. However, its specific structure and system must be reformed, changed, and developed in light of the needs of the situation of reform, opening up, and the modernization program so that the socialist system will be further improved and updated, and will manifest its superiority. We must uphold the party's fundamental nature (the nature of being the vanguard of the working class), the fundamental purpose (the purpose of wholeheartedly serving the people), the fundamental organizational principle (democratic centralism), and CPC leadership, which are fundamental. Of the four upholds, this is the first one. The specific leading system and method, organizational and work forms, and activities should be reformed and improved in light of the needs of reform, opening up, and the modernization program. Only by improving can we strengthen and give full play to the core role of leadership of the party in the socialist modernization program as a whole.

As early as in the first year of the 1980's, Comrade Deng Xiaoping raised the issue of reform of the system of party and state leadership: "Some of our current systems and institutions in the party and state are plagued by problems which seriously impede the full realization of the superiority of socialism. Unless they are conscientiously reformed, we can hardly expect to meet the urgent needs of modernization and we are liable to become seriously alienated from the masses." He continued: "We should invigorate the party's administrative organs and the state system as a whole. In other words, we should get rid of rigidity and use new thinking to deal with new problems." This is the spirit of reform. As new problems are continuously emerging in the new situation, we cannot stick to conventions on the specific methods. It is necessary to apply the spirit of reform to understand the status quo of our party building, see which parts do and do not correspond to the new situation, improve and

strengthen leadership over all kinds of work in the new situation, improve and strengthen party building, and improve the party's art of leadership and administration.

There is another question: What is the relationship between Deng Xiaoping's theory of party building and that of Mao Zedong?

Jiang Zemin said in his speech: "Comrade Xiaoping's thinking on building of the ruling party in the new period has enriched and developed the theory of Mao Zedong Thought on party building and has illuminated the direction for us to strengthen and improve party building." Deng Xiaoping's theory of building socialism with Chinese characteristics is the inheritance and development of Mao Zedong Thought in the new period. Naturally, the theory of party building, which is a component part of it, will also be the inheritance and development of Mao Zedong's theory of party building.

Theoretical circles have also discussed the relationship between Deng Xiaoping's theory of party building and that of Mao Zedong. There is a threefold relationship of correction, inheritance, and development between the practice and theory of Deng Xiaoping and the practice and theory of Mao Zedong. Here, we say the "practice and theory of Mao Zedong" and not "Mao Zedong Thought." Correction refers to the mistakes made by Mao Zedong during his latter years rather than to Mao Zedong Thought. After the "Great Cultural Revolution," the correction of Mao Zedong's mistakes made during his latter years constituted an opportunity and a key to resolving the problem of inheriting and developing the scientific system of Mao Zedong Thought. The "Resolution on the Party's Relevant Historic Problems Since the PRC's Founding" made by our party under the leadership of Comrade Deng Xiaoping, which was an extremely important document, differentiated the scientific system of Mao Zedong Thought from the mistakes made by Mao Zedong during his latter years, corrected the mistakes he made during his latter years, and inherited and developed Mao Zedong Thought. The threefold relationship of correction, inheritance, and development of Comrade Mao Zedong's practice and theory refers respectively to his practice and theory, which are two different parts. As to the scientific system of Mao Zedong Thought, it is the relationship of inheritance and development.

Were the mistakes Mao Zedong made during his latter years also reflected in the question of party building? Yes. For instance, the theory of "those taking the capitalist road within the party" and "the bourgeoisie within the party." Naturally, these must be corrected.

Which part of the theory of Mao Zedong Thought on party building should be inherited? The answer is: All. Building the party in close connection with the political line of correctly resolving the basic problems of the Chinese revolution and construction, laying stress on ideologically building the party, the party's three major styles [integrating theory with practice, maintaining

close ties with the masses, and criticism and self-criticism], the inner-party struggle principle of "learning from past mistakes to avoid future ones, curing the sickness to save the patient, clarifying thinking, and uniting with comrades," and the four-subordinates democratic centralism of the individual is subordinate to the organization, the minority to the majority, the lower levels to the higher levels, and the entire membership to the Central Committee; all this should be inherited. When Comrade Deng Xiaoping resumed office after the "Great Cultural Revolution," he talked at the Third Plenary Session of the 11th CPC Central Committee about applying accurate and integrated Mao Zedong Thought to guide our work, expounding the system of Mao Zedong Thought in various fields, and particularly the party theory in Mao Zedong Thought. He believed that "Comrade Mao Zedong developed perfectly Lenin's party building theory," that "his integrated party building theory was established through practice during the Yanan rectification," and especially stressed that the mass line and seeking truth from facts were the two most important things in Mao Zedong Thought and his party building theory. While expounding the scientific system of Mao Zedong Thought, the "Historic Resolution," which was drafted under Comrade Deng Xiaoping's leadership, regarded the "party's building" as one of the six fields in which Mao Zedong Thought "creatively enriched and developed Marxism-Leninism" and extensively summarized Mao Zedong's scientific thinking on party building. In a word, all the contents in the scientific system of Mao Zedong Thought concerning party building should naturally be inherited today.

What of Mao Zedong's party building theory has been developed? A comparison between the introduction of the "Historic Resolution" on the important viewpoints of Mao Zedong Thought on party building and the passage on party building we previously quoted in full from the "Historic Resolution" shows that in the course of summing up past experience and lessons and resolving new problems in the new situation, our party has developed many new thoughts on party building. The arguments on personality cults and party leaders, the relations between the party and other organizations, and the party having to carry out activities within the scope of the constitution and the law are all typical examples. In addition, the abolition of cadres holding lifelong tenure in leading posts; the requirements of younger in average age, better educated, and professionally competent for the ranks of cadres based on being more revolutionary; the democratic system of inner-party life; the fundamental, overall, steady, and long-term nature of institutional building; and "the angle of evaluating people should also be deepened, which constitutes a reform and an ideological reform and emancipation" are all new thoughts developed while studying new circumstances and resolving new problems.

**On the whole, strengthening party building with the spirit of reform is the greatest development. Only by applying the spirit of reform to study and resolve the new problems,**

**which continuously emerge in the new situation, and introducing innovation can our party further attain new development in all aspects of the theory of party building.**

Moreover, the discussion of the development of the theory of party building should be connected with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. In my opinion, how Deng Xiaoping developed Mao Zedong Thought in his theory of building socialism with Chinese characteristics should be viewed from the whole, from the historic turning point and historic development in the new period, from the major theoretical viewpoints, and from the breakthrough and creation of the strategic thinking. If we deviate from this and limit the development to a certain field, viewpoint, or written formulation, it will not be a scientific method. As in the party building, which cannot be separated from the party's cause as a whole, the theory of party building cannot be separated from Deng Xiaoping's theory of building socialism with Chinese characteristics.

Guided by Deng Xiaoping's theory of building socialism with Chinese characteristics, we should triumphantly promote reform, opening up, and the modernization program, which is a new great project for transforming China's society. At the same time, we should triumphantly push forward the new great project of CPC building. In this process, we will certainly be able to attain new development in our theory, including the theory of party building.

#### **XINHUA Suspends Item on New Edition of Deng's Works**

OW0211054994 Beijing XINHUA Domestic Service in Chinese 0242 GMT 2 Nov 94

[Beijing XINHUA Domestic Service in Chinese at 0344 GMT on 2 November transmits a 70-character service message requesting publication of the following item be suspended]

[FBIS Translated Text] Beijing, 2 Nov (XINHUA)—To help the vast numbers of cadres and the masses study, research, and grasp Deng Xiaoping's theory on building socialism with Chinese characteristics, the *Selected Special-Topic Expositions of Deng Xiaoping on Building Socialism with Chinese Characteristics* (New Edition) edited by the Central Party Literature Research Center of the CPC Central Committee [CPCCC] will be published by the Central Literature Publishing House of the CPCCC soon.

Based on Volume 3 and the newly republished Volume 2 of the *Selected Works of Deng Xiaoping*, the new edition includes some additions to and revisions of the original edition. The number of special topics increases from nine in the original edition to 20 in the new edition, and the number of characters from 180,000 to 300,000.

**Deng's Selected Works To Be Printed in Henan**

HK0111145194 Zhengzhou Henan People's Radio  
Network in Mandarin 2300 GMT 31 Oct 94

[FBIS Translated Text] On 28 October, Song Zhaosu, deputy secretary of the provincial party committee, and Zhang Wenbin, member of the provincial party committee's standing committee and chief of its Propaganda Department, inspected the printing of the second edition of Volume 2 of the *Selected Works of Deng Xiaoping* in Henan's Xinhua Printing House.

After this printing house received a notice from the provincial party committee's Propaganda Department, the provincial News and Publication Bureau, and the provincial People's Publishing House on printing 1.2 million copies of Volume 2 of the *Selected Works of Deng Xiaoping*, it immediately formed a leadership group to take charge of this work, and also held a mobilization meeting for the relevant departmental and workshop leaders, during which arrangements were made.

Now the printing house is going all out to organize skilled personnel to get the work done well. It is using the best equipment so that the printing will be guaranteed qualitatively and quantitatively.

Song Zhaosu and Zhang Wenbin went to the workshop to visit the printing workers. Song Zhaosu said: Printing Deng Xiaoping's *Selected Works* is a glorious and solemn political task. Volumes 2 and 3 of the *Selected Works of Deng Xiaoping* give expression to the complete ideological system of Comrade Deng Xiaoping. Using Deng Xiaoping's theory of building socialism with Chinese characteristics to arm all party members and cadres and making a success of China's affairs are tasks of primary importance on the ideological and theoretical front. Effective measures must be taken to a good job in printing Deng Xiaoping's *Selected Works* and to bring about an upsurge of studying Deng Xiaoping's *Selected Works* in our province. Song Zhaosu urged that the printing of Deng Xiaoping's *Selected Works* must be completed with high quality, high efficiency, and as scheduled.

**Articles Added to First Two Volumes of Deng's Works**

OW0211033394 Beijing XINHUA in English 0245  
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—With the approval of Deng Xiaoping, the People's Publishing House has published the second editions of the *Selected Works of Deng Xiaoping* (1938-1965) and the *Selected Works of Deng Xiaoping* (1975-1982).

Revised by the editorial committee on party literature of the Chinese Communist Party Central Committee, the second editions are renamed Volume One and Volume Two of the *Selected Works of Deng Xiaoping*, respectively.

Four articles have been added to Volume One:

- A program for a report delivered at an urban work conference, written in December 1950, when Deng served as the first secretary of the Southwest China Bureau of the party Central Committee.
- A speech on making education universal and improving teaching quality, delivered in April 1958, when Deng served as the general secretary of the party Central Committee.
- Part of a speech made in December 1961 while meeting with delegates to a meeting of presidents of provincial women's federations, stressing the importance of doing routine work well.
- Gist of a speech delivered in August 1963, in which Deng pointed out that, with regard to China's industrial production, the most important thing is how to proceed from reality and look forward to the future.

Another 14 articles have been added to Volume Two:

- Remarks made in September while hearing a report by a leading official of the Chinese Academy of Sciences on some questions in scientific and technological work, stressing that scientific research work must advance ahead of others. That was in the late period of the "Cultural Revolution" and Deng was in charge of the work of the central government after having been restored to his former positions.
- Part of a talk in May 1978 while meeting with an economic and trade delegation of the Madagascar Government. Deng reiterated that China would belong to the Third World forever and would never seek hegemony.
- Part of a speech in September 1978 after hearing reports by leading officials of the Anshan city committee of the party, stressing the use of advanced technology and managerial expertise to upgrade enterprises.
- Part of a talk in October 1978 while meeting with a press delegation from Federal Germany. He said that China would pursue the open policy and draw on advanced science and technology worldwide.
- A speech on the Taiwan question and China's reunification made at a forum held by the National Committee of the Chinese People's Political Consultative Conference (CPPCC) on New Year's day 1979, when Deng served as the chairman of the CPPCC National Committee.
- Gist of a talk in January 1979 while meeting with leaders of the industrial and business community in China. He said that to promote construction it is necessary to use foreign funds and bring the role of former industrialists and business people into full play.



- Excerpts from a talk in June 1979 while meeting with a delegation of the Japanese Komei Party headed by its chairman Yoshikatsu Takeiri. He emphasized both democracy and the legal system in China.
- Part of a speech in October 1979 at a forum attended by the first secretaries of provincial party committees. Deng pointed out that the economic issue was a political issue of overriding importance, and long-term work emphasis must be placed on economic work.
- Excerpts from a speech in October 1979 at a banquet in honor of leaders of the non-communist parties and the All-China Federation of Industry and Commerce. Deng said that non-communist parties and the federation are a political force serving socialism.
- Part of a talk in November 1979 at a meeting with F. Gibney, co-chairman of the joint editorial review board of the Encyclopedia Britannica Inc. of the United States, and Paul T. K. Lin, director of the Center for East Asian Studies of McGill University in Canada. Deng elaborated for the first time his important idea that socialism can also allow a market economy.
- Excerpts of a talk in December 1979 in a meeting with the then Japanese Prime Minister Masayoshi Ohira. Deng said that China's goal by the end of this century is to achieve "relatively comfortable living standards."
- Excerpts of four talks between April and May 1980, respectively with central leaders, Zambian President Kenneth David Kaunda, a delegation of the Algerian National Liberation Front and Guinean President Ahmed Sekou Toure. The central theme is that socialism must concentrate on developing the productive forces.
- Part of a talk in January 1981 while meeting with Theodore Stevens, U.S. Senate Republican deputy leader, and Anna Chan Chennault, vice-chairperson of the White House export committee. He elaborated China's principle stand on developing Sino-U.S. relations.
- Part of a talk in August 1982 while meeting with UN Secretary-General Javier Perez de Cuellar. He explained China's foreign policy.

#### First Two Volumes Run to 2d Edition

OW0211034794 Beijing XINHUA in English 0305  
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—The second edition of the *Selected Works of Deng Xiaoping* (1938-1965) and the *Selected Works of Deng Xiaoping* (1975-1982) has been published by the People's Publishing House on the occasion of the first anniversary of the publishing of the third volume of the

*Selected Works of Deng Xiaoping* and are available in XINHUA bookstores across China from today.

With the approval of Comrade Deng Xiaoping, the second edition has revisions by the editorial committee on party literature of the Communist Party of China (CPC) Central Committee and is renamed Volume One and Volume Two of the *Selected Works of Deng Xiaoping*, respectively.

Four articles have been added to the original book of Volume One, three of which are talks by the author when he was general secretary of the CPC Central Committee. Fourteen articles have added to the original book of Volume Two, the majority of which appear in print for the first time.

"The opening speech at the 12th CPC National Congress," which was originally in Volume 2 has been moved to Volume 3.

The added articles serve as a concentrated expression of some important ideas put forth by Deng Xiaoping in the middle of the 1970's and the early 1980's.

The ideas include those: The advance of the basic theoretical issue concerning the definition of socialism and how to build socialism; socialism must first concentrate on developing the productive forces; China's goal by the end of the century is to achieve relatively comfortable living standards; a market economy can also be practised under socialism; the utilization of foreign funds is a big policy-step, it is necessary to make a full use of them and capable utilization should be promoted; the point of departure for China's development should be on the achievements in advanced science and technology worldwide; scientific research must advance ahead of other fields; emphasis on both democracy and the legal system must not be slackened; the various non-communist parties and the federation of industry and commerce are political forces serving socialism; and China will never seek hegemony.

The articles in the second edition of the two volumes have been checked against the authoritative texts. Some new footnotes have been added. Some corrections and augmentations have been done in accordance with the original records in a few places in some articles in Volume Two.

The newly revised *Selected Works of Deng Xiaoping* Volume One and Volume Two constitute a complete collection of the important works by comrade Deng Xiaoping, along with Volume Three, which was published last year.

The three volumes include the major works of comrade Deng Xiaoping during various historical periods in China's revolution and socialist construction, covering such aspects as politics, economy, culture, military affairs, diplomacy and party-building.

The works reflect the basic theoretical ideas and policy and strategic thinking of Comrade Deng Xiaoping during a period of over half a century—from the late 1930's to the early 1990's—developed by integrating the fundamental principles of Marxism and Leninism with the practice of China's revolution and construction as well as the features of current trends. They inherit and develop Marxism, Leninism and Mao Zedong thought.

Volume 2 and Volume 3 of the *Selected Works of Deng Xiaoping* are works of the new period of socialist construction. They are linked up in content to form a scientific system; they are thus ground-breaking masterpieces for the theory of building socialism with Chinese characteristics—Marxism in current China.

Reading through the works from Volume One to Volume Three, particularly Volume Two and Volume Three, will help people acquire a deep understanding of the origin, formation and development of the theory of building socialism with Chinese characteristics of Comrade Deng Xiaoping as well as its basic content, fundamental ideas and essence.

The works are of great significance for carrying out the strategic tasks of arming the whole party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, as put forth by the 14th National Party Congress. In addition, they are important for implementing the guidelines of the fourth plenary session of the 14th Party Central Committee, strengthening party-building and unifying the thinking of the party and persisting firmly in the basic line of the party so as to win new victories in socialist reform and opening to the outside world and the modernization drive.

At present, the whole party is studying Deng Xiaoping's theory of building socialism with Chinese characteristics, and the new edition of Deng's works will serve to promote the study.

#### Forum Studies Deng Book on Democracy, Legal System

OW0211001194 Beijing XINHUA Domestic Service in Chinese 1127 GMT 31 Oct 94

[By reporter Zhou Lixian (0719 4539 2009) ]

[FBIS Translated Text] Beijing, 31 Oct (XINHUA)—The CPC Central Committee Propaganda Department and the Ministry of Justice held a meeting today to study the book *Deng Xiaoping on the Construction of Democracy and Legal System*. Wang Hanbin, alternate member of the CPC Central Committee Political Bureau and vice chairman of the National People's Congress [NPC] Standing Committee, pointed out at the meeting: Comrade Deng Xiaoping's theory on socialist democracy and legal system has been an important component of his theory on building socialism with Chinese characteristics. Conscientious study of Comrade Xiaoping's theory on socialist democracy and legal system will be significant to unifying and enhancing our understanding on

socialist democracy and legal system, to unswervingly developing socialist democracy, to perfecting the socialist legal system, and to promoting socialist modernization.

Published by the Law Publishing House recently, the 42,000-character *Deng Xiaoping on the Construction of Democracy and Legal System* has selected Comrade Deng Xiaoping's important expositions on building socialist democracy and legal system during the period from the nation's founding—particularly since the Third Plenary Session of the 13th CPC Central Committee—to early 1992, when he made important statements during his southern tour.

Wang Hanbin said: As the nucleus of the party's second generation leading collective and chief architect of reform and opening up as well as socialist modernization, Comrade Deng Xiaoping, after summing up experience positively and negatively, has brilliantly presented a series of important expositions on building China's socialist democracy and legal system, that served not only as precious spiritual wealth to both the party and the Chinese people, but also as scientific guidance to constructing China's democracy and legal system.

Wang Hanbin said: Realizing the urgent need to change the serious state of lawlessness brought about by the "Great Cultural Revolution" 15 years ago, Comrade Xiaoping explicitly called for strengthening legislation, advocating that something was better than nothing, and that it was better to act fast. He also made concrete suggestions to concentrate on enacting the penal code, civil law, proceeding law, and other essential laws. He personally guided amendments to the Constitution—the state's basic law and the foundation of the nation's legal system. Major changes made to the Constitution were results of his personal research and decision. Thanks to his concern, China embarked on full-scale legislation since 1979 with great success: The adoption of over 250 law and law-related decisions by the NPC and its Standing Committee, promulgation of over 700 administrative laws and regulations by the State Council, and formulation of over 3,000 local laws and regulations by local people's congresses.

Wang Hanbin emphasized: To build the socialist legal system, it is not only necessary to intensify legislation but also to enhance law consciousness among the entire population, so that all have a role to play in preserving the dignity of the Constitution and the law, and in ensuring their enforcement. We should be guided by Comrade Xiaoping's expositions on democracy and legal system in launching a widespread, sustained educational propaganda effort on legal system, taking it as a basic task in building China's socialist democracy and legal system. Efforts should be made to create a fine legal environment in the entire society, under which law will be strictly enforced, respected, and guarded.

Justice Minister Xiao Yang briefed the meeting on the book *Deng Xiaoping on the Construction of Democracy and Legal System*, while some comrades related their study experience.

Liu Yunshan, deputy head of the CPC Central Committee Propaganda Department, presided over today's forum.

### CCDI Senior Official Stresses Discipline Enforcement

OW0111130694 Beijing XINHUA Domestic Service in Chinese 0535 GMT 31 Oct 94

[By Central People's Broadcasting Station reporter Li Renzhu (2621 0088 0031) and XINHUA reporter Hu Qinghai (5170 3237 3189)]

[FBIS Translated Text] Dalian, 31 Oct (XINHUA)—A national work conference on handling cases by discipline inspection and supervisory organs ended in Dalian today. Chen Zuolin, deputy secretary of the Central Commission for Discipline Inspection [CCDI], emphasized at the meeting: Discipline inspection and supervisory organs should earnestly study and implement the guidelines of the Fourth Plenary Sessions of the 14th CPC Central Committee and the CCDI; and should make the enforcement of democratic centralism, safeguarding of political discipline and the Central Committee's authority, and enhancement of the party's cohesiveness and combat capability top priority tasks of the work. They should carry out the functions and duties in an all-around way to guarantee the effective implementation of the party's line, principles, and policies, as well as the smooth enforcement of political decrees.

Chen Zuolin said: The 14th CPC Central Committee devoted its Fourth Plenary Session to the issue of party building; and after discussion, approved the "Decision of the CPC Central Committee Concerning Some Major Issues on Strengthening Party Building," which fully reflects Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, especially his important concept of party building; and which is permeated with the spirit of the 14th CPC National Congress. Through diligent study, discipline inspection and supervisory organs at all levels should achieve unity in thinking based on the decision guidelines. They should promote party building in close conjunction with the central task of economic construction; and should firmly grasp the principle of giving equal emphasis on two fronts and doing well in both, in continuing to deepen the anticorruption drive and to pay close attention to the three tasks concerning honesty and self-discipline of leading cadres, investigation of cases of violating the law and discipline, and the correction of evil tendencies under the leadership of party committees and governments. Meanwhile, they should, in compliance with the party constitution's stipulations on functions and duties, reinforce inner-party self-regulatory mechanisms by

standardizing the activity of party organizations and members in observing democratic centralism.

Chen Zuolin urged discipline inspection and supervisory organs to combine investigation of cases of violating the law and discipline with comprehensive implementation of duties and functions, and to correctly handle relations between discipline enforcement and party building; between discipline enforcement and reform, opening up, and the establishment of a socialist market economy; and between discipline enforcement and the safeguarding of the enforcement of democratic centralism; thereby improving the overall quality of party members and cadres, and reducing negative factors and boosting positive factors.

He said: Establishing and improving the mechanism for supervising and regulating party and government cadres, or institutionally regulating the activity of all party members and state functionaries, is of vital importance for maintaining party and administrative discipline, promoting honesty among party and government organizations, and raising the party's cohesiveness and fighting capability. In the process of enforcing discipline, discipline inspection and supervisory organs should fully uphold the dignity and authority of party discipline and administrative rules and regulations. Meanwhile, they should have a good grasp of policies, and should proceed in every case from reality by drawing concrete analyses. In handling cases, they should not apply discipline standards that are outdated under the new situation, nor should they connive at evil tendencies and corruption. Policies and regulations that are relevant under the new situation should continue to be strictly enforced, and those that are generally applicable under the new situation should be supplemented and improved. It is necessary to step up efforts to formulate new policies and regulations to deal with new circumstance and problems to ensure that there are laws and regulations for discipline inspection and supervisory work to follow.

### 'Third Eye' Author on New Book 'Fourth Eye'

HK0211064294 Hong Kong MING PAO YUE KAN in Chinese 1 Nov 94 pp 30-33

[Article by Wang Shan (3769 1472): "From 'A Third Eye' to 'A Fourth Eye'"]

[FBIS Translated Text] Editor's note: Recently Wang Shan, writer of the book *Viewing China Through a Third Eye* [disanshuang yanjing kan zhongguo 4574 0005 7175 4190 4200 4170 0022 0948], which aroused much controversy in China and overseas, wrote this special article for this magazine. When talking about the book he is currently writing, *Viewing China Through a Fourth Eye* [disishuang yanjing kan zhongguo], Wang said in this article that if the *Third Eye* was a "casual comment," the *Fourth Eye* would be a "discourse on politics," in which he will mainly make a substantial analysis of the situation and the policies adopted to deal with the situation, trying to sever with a sharp dissecting knife the principal



factor affecting the overall situation from the multiple entangled contradictions, and examining the principal factor from various angles at a close range so as to ensure prolonged political stability and steady development in China. [end editor's note]

My writing *Viewing China Through a Third Eye*, which was published under the name of a nonexistent German called Royninger [luo yi ning ge er 3157 0122 1337 2706 1422] on the mainland early this year, caused a rare sensation in the journalistic and publishing circles and among intellectuals. The official inspection authority banned its distribution in Beijing, but it circulated rapidly among civilians. Not only did intellectuals try every possible means to acquire the book, but government, military, and party officials also became enthusiastic readers. Later, the inspection authority, which enforced the censorship, even served as the intermediary body searching for the book for the officials. By the summer, scores of crude pirated versions had spread throughout the country.

#### Wang Meng Comments on the *Third Eye*

All media units received a circular asking them to refrain from commenting on the book so that the sensation would phase out. But before and after that some editors and reporters with "poisonous eyes" could not help making remarks about it, reviewing it, or running a digest of it, which occasionally appeared in various newspapers. In early September, READING [DUSHU] magazine featured a six-page commentary by Wang Meng, a famous figure on the mainland. Wang thought the book was not worth reading and expressed considerable indignation between the lines of his article. He questioned in hard words and stern looks: "Please tell us, who is the author?" He condemned the publisher, the Shanxi People's Publishing House, in a harsh tone, threatening to report against it: "How did you examine the manuscripts?" In any event, it was an unusual honor to the book for such a high-ranking (ministerial level) literary and art critic to talk about the book at such length in the magazine, a publication with the most superb taste.

In October, Mr. Yang Lang [2799 3186], domestic department director of CHINA YOUTH NEWS [ZHONGGUO QINGNIAN BAO], offered his views on the book in an interview with me: There are only two books worth reading in the market this year, the novel *Zeng Guofan* [2582 0948 5672] and the nondescript *Third Eye*. This may be a relatively fair comment. Some people might "clap and applaud to show their appreciation for the book" while others might "feel a thrill of horror" when reading it (like Mr. Wang Meng); the true value of the book should be "whether it is worth reading."

#### The Author, Though Labelled an Ultra-"Leftist," Did Not Speak His Mind to His Content

Political critics and journalists in Taiwan and Hong Kong have also paid great attention to this book and

given it labels indicative of its color, as usual. Among them, most believed the author was a eulogist for "a reversion to the era when the ultra-left ideology held sway," trying to make reformists pay for their mistakes, while a few people with a discerning nose scented from between the lines the "malicious" attitude with which the author took pleasure in reformists' mistakes. Though their opinions differed I was seized with fear for their great concern over the book.

Later, I managed to calm down and went into hiding in the countryside to read once again the *Third Eye* by myself. Only then did I feel flushed. This was not because I had spoken tongue-in-cheek about the unstated reasons or deliberate digressions in the book, but because I failed to mention the key contradiction among other complicated ones in Chinese society. The *Third Eye* mainly commented on problems concerning peasants and intellectuals in Chinese society and at the same time brazenly discussed several sensitive political problems in the past and in the present period, advancing my views. But the book did not mention the ties between peasants and intellectuals and their identical as well as different objectives to be attained through struggle. In fact there are other important social strata in China, such as the propertyless [wanquan wuchandi 1346 0356 2477 3934 4104] working class, the expanding ranks of industrial and commercial managers and assets owners, and the group in power. If we fail to acquire a proper understanding of the strength, attitude, interest, and objectives of these groups, especially the point where their interests get entangled, we will not understand Chinese society. In fact, this usually leads to misunderstanding and extremism. China should be a colorful picture, but the *Third Eye* is only a rough, bright color sketch of it, failing to reflect its essence in full.

#### Opening the *Fourth Eye*

So I considered writing another book *Viewing China Through a Fourth Eye*, a sequel to the *Third Eye*. But in this book I quote a line from a nameless poet: "I did not open my fourth eye until I sacrificed my third one." I hope this will be a discerning eye, because this early sacrifice is too much.

If the *Third Eye* is a "casual comment," the *Fourth Eye* will be a "discourse on politics" in which I will mainly undertake a substantial analysis of the situation and of the policies adopted to cope with the situation, trying to sever the principal factor affecting the overall situation from the multiple entangled contradictions with a sharp dissecting knife, examining the principal factor from various angles at a close range so as to ensure prolonged political stability and steady development in China.

Five years have elapsed since the bloodshed in Beijing in 1989. Chinese society is gradually moving toward stability. The last five years saw rapid and stable economic development and a calm and peaceful political situation. In fact, all has never been clear sailing in China over the

last five years, and those in power and the people have faced a desperate living environment: two serious floods (one in east China in 1991 and the other in south China in 1994); the introduction of an economic austerity program in two separate periods; the rapid and large-scale economic overheating and the unrestrained protracted inflation; increasingly relaxed government and serious corruption; a sharp increase in economic crimes and criminal offenses; and so on. Despite the dangerous mountainous tidal wave, society remained calm as if it lay dormant, which was unusual. On 20 September 1994, the very day I began writing the *Fourth Eye*, the horrifying incident occurred in which a number of people were shot dead on the busy streets of Beijing. On the early morning of that day, a first lieutenant from the Beijing garrison committed violence to his superior in the barracks and then hijacked a civilian vehicle. When the darting vehicle was blocked at the crossing of Yabao Street, Jianguomen, the officer jumped out of the car and shot innocent pedestrians indiscriminately with his automatic rifle, killing scores of people. An analysis made after the incident shows he had planned to break into the central district of the city, probably Tiananmen Square, so that he could kill more people and thereby create a greater political impact because there was an open ground and a large crowd of people there. The officer transferred his anger at and hatred for the barracks to the public and even went so far as to shoot innocent people to give vent to his anger and hatred. This clearly showed he suffered a mental aberration. As this incident concerned secrets of the barracks, the media units, as usual, were not allowed to disclose the details and remained calm, while the public also responded with unusual apathy and magnanimity to the massacre in which scores of civilians died tragically and which posed a threat to public security. Though some people made inadvertent comments on the incident as if it were gossip or cried in a womanly way, the public did not express stronger indignation or lodge a protest. Two or three days later the serious case "under the emperor's very nose" vanished like a wisp of smoke. If you compare this with the 1989 raging anti-violence demonstration touched off by a military vehicle that went out of control, injuring two pedestrians, you will find that a clear change has taken place in society. Under the influence of a certain policy, Chinese society has entered a clearly stable status in terms of public sentiment or society's ability to resist suppression. Any stimulating surprise incident, momentary pains, or keenly felt pains are likely to disappear in phases amid overall indifference.

#### Four Major Problems Discussed in Detail

There are four problems that must be analyzed. 1) The status of various social strata in China in the period of social transition, their state of mind, and their relations with the ruling party; 2) basic policies for maintaining social stability and promoting social development; 3) the form of expression, the breaking point, and the defusing point of existing social contradictions, and the conditions for shifting the contradictions elsewhere; and 4)

under the situation of multiple contradictions and two-way change [shuang xiang biange 7175 0686 6239 7245], the point where the ruling party can stick to its policy, the point where it makes mistakes, and its own contradictions and crises.

Since the reform and opening policy was introduced, at least seven to eight social strata (they may not have grown into social classes) have emerged in Chinese society in terms of economic status. The CPC as the vanguard of the proletariat and a ruling party without opponents is in a difficult and awkward position. It has to erase some of its proletarian color to gather competent people of various nationalities and social strata, and it has to abandon many idealized things to transform itself into a ruling group tinted with rather strong realism representing the interests of the various social strata. The common interests of various social strata can only be realized through clashes, contention, and concessions among them. Correspondingly, the ruling party has to make adjustment through the use of policies and make peace through the use of power. In this process, which involves interest, the ruling party tends to repeatedly make mistakes because it makes a slight move only to find it affects the situation as a whole, and solves one problem only to give rise to another. Moreover, the economic structural reform is based on the philosophy that "man does evil deeds out of instinct," which acknowledges and liberates man's material desire, but the CPC manages to maintain national unification and political stability only through "encouraging people to do good works," which is not religious propaganda but rather a political power-related move to uphold the socialist system.

The ruling party then becomes the principal aspect of the contradiction and is unable to regulate various contradictions in an impartial way, thus being blamed for whatever it does and caught in a dilemma in the course of regulating the contradictions and making peace. Again, various interests and conflicts find expression within the ruling party, turning the ruling party itself into a contradiction. The ruling party is in such a difficult position that its every move is restricted, and what is more important, it is in danger of disintegrating and being split. Sensing the danger ahead, the ruling party moves cautiously, glancing ahead and behind, skirting around one blockade on the left and another on the right, lifting one hand to regulate society and the other to repair itself. This repair work is nearly impossible because while key organs have to be operated on, care must be taken not to endanger the patient's life.

#### What Is To Be Discussed in the *Fourth Eye*

The *Fourth Eye* will table and discuss the following important issues:

The diehard grudge in Chinese society against the Cultural Revolution. This is an important source of social turbulence. Though the government and the people

unanimously regard the revolution as something ugly, it was a historical phase in the process of seeking national [minzu 3046 2469] progress. The struggle between safeguarding feudal privileges and struggling against these privileges and for democracy was one of its main themes—the struggle, however, was seriously distorted by its preposterous leaders and shameless agents. History is created by “the masses”; Mao could not invent it, nor can Deng deny it. So long as there is no sharp change in the basic conditions of Chinese society, the anti-feudal sentiment which lies hidden in the people will erupt spasmodically in the same way the Cultural Revolution erupted. When the ruling party stopped instigating mass struggles like those of Mao Zedong, there were various incidents of direct confrontation between the masses and the government whose frequency and magnitude corresponded to the successes and failures of economic policies.

Two-way change during the social transition period. One the one hand, subjective and unrealistic social management shifts to realistic and interest-oriented social management, and idealism moves toward low-level patriotism and nationalism in the ideological field, while on the other hand social quality is raised and the social environment shifts from protecting social groups to protecting individuals. The agreement and disagreement between people's opposition to feudal privileges on the one hand and the government's need to maintain social stability on the other make it possible for certain middle-of-the-road forms of power to emerge, such as returning members of the CPC Central Committee through competition and in line with the popular will and making public more details of the discussions and voting in the CPC Central Committee. In the meantime, extreme forms of power will be strengthened, such as the disciplinary system and the organism to implement the system, which outweigh laws, independent quasi-military units directly under the CPC Central Committee for market control and supervision, and so on. The latter form is designed to avoid clashes and the latter to mediate the clashes.

The four cardinal principles. The content and definition of the four cardinal principles, after realistic confirmation and explanation, have become a social contract similar to the minimum program. If no one survives the fierce struggle between various social strata, the tragic result will be unacceptable. To safeguard the supreme interests of the nation, it is necessary to have a general constitutional program acceptable to all parties, and this is also a condition for mutual existence through mutual dependence. Taking both the history of social development and reality into account, we can only base the program on the amended four cardinal principles.

The basic structure for social stability—three social strata and three alliances. Each of the three social strata—the ruling group, the working class, and asset owners—forms a separate alliance with the other two to establish three alliances in all. The three alliances cooperate and clash with each other, hold talks, and penetrate

and contain each other. This pattern will become the basic structure for maintaining social stability for some time to come. Any future social policy that runs counter to the gradual formation of this structure will serve to undermine social stability.

The issue of cooperative relations between peasants and the ruling party, and other problems.

The *Fourth Eye* contains five chapters, entitled: 1) Class; 2) Political Parties; 3) Local Power; 4) Elite and Leaders; and 5) International Relations and Cross-Strait Relations.

Beijing, 10 October 1994.

#### *Appendix: Brief Introduction to Wang Shan*

Wang was born in Jinhua, Zhejiang, on 31 August 1952. He worked in the countryside and mountain areas when he graduated from junior middle school in 1976. He once worked for the administrative department of Beijing Teachers' University and other bodies. He was appointed vice director of the Beijing Theater around 1989. He has published the novels *Heaven Injury* [tian shang 1131 0281], *Sacrifice to Heaven* [tian ji 1131 4385], and *Heaven Peer* [tian jue 1131 3635], which describe the “underworld” among Beijing youth after the Cultural Revolution. *Viewing China Through a Third Eye* was published by the Shanxi People's Publishing House in early 1994. The book was then said to be written by a nonexistent German named “Royninger” while the actual author presented himself as the translator. The book has received extensive attention.

#### **YOUDIAN SHANGQING Begins Publication in Beijing**

HK0211081594 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 28 Oct 94 p 1

[Report: “YOUDIAN SHANGQING Magazine Published in Beijing”]

[FBIS Translated Text] A magazine—YOUDIAN SHANGQING [Market Conditions in Post and Telecommunications]—oriented to the needs of managerial personnel in telecommunication enterprises at home and abroad, engineers, technicians, and the vast number of consumers of telecommunications products was published in Beijing a few days ago. The magazine, which is under the charge of the Ministry of Posts and Telecommunications and is jointly run by RENMIN YOUDIAN and the China Posts and Telecommunications Enterprise Management Association, will introduce to readers relevant principles and policies of China's telecommunication development, new trends in this development, relevant standards, and so on. It will also report information on new products and consumer requirements.

#### **New Regulations on Sino-Foreign Filmmaking**

HK0111145494 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1235 GMT 16 Oct 94

[FBIS Translated Text] Beijing, 16 Oct (ZHONGGUO TONGXUN SHE)—The Chinese Ministry of Radio,



Film, and Television several days ago promulgated the "Regulations on Sino-Foreign Cooperation in Filmmaking" to standardize the behavior of all sides participating in the cooperation and adjust their relations.

China started its film making cooperation with foreign countries in 1958. By 1993, China had cooperated with foreign countries, Hong Kong, and Taiwan in making 154 films, promoting China's movie business. But following the increase in cooperative filmmaking, the former internal management rules and procedures cannot cope with the current development or needs, and individual events seriously damaging China's image and national rights and interests have occurred from time to time. Many film studios have demanded an early application of the law to Sino-foreign cooperative filmmaking.

The regulations comprise 27 provisions. The main points are: The state exercises unified leadership over Sino-foreign cooperation in filmmaking and practices a centralized approval method; Sino-foreign cooperation in film making must be made beneficial to Chinese civilian rights and interests and to protecting the leading role of Chinese filmmakers in the cooperation; examination of film scripts must be strengthened before film shooting starts; China's strong points in developing and printing negatives must be brought into play; and the development and printing of negatives and sample films must be completed in China. Apart from these, the regulations also provide explicit clauses on some management details, by referring to actual conditions and international practice.

A relevant person pointed out that the implementation of the regulations indicates the beginning of the application of law to Sino-foreign filmmaking cooperation.

#### State Council Discusses Medical Product Management

OW0211041794 Beijing XINHUA Domestic Service in Chinese 1215 GMT 31 Oct 94

[By reporter Cong Yaping (0654 0068 1627) and Zou Peiyan (6760 3099 7346) ]

[FBIS Translated Text] Beijing, 31 Oct (XINHUA)—On the heels of the recent issuance of an emergency circular on further enhancing medical product management, the State Council again convened a national telephone conference on enhancing medical product management today in Beijing. The unified arrangements and preparations made by the State Council indicate that the state is deeply concerned about the safety of its people and about the current state of affairs in the area of medical product management.

State Councillor Luo Gan presided over today's telephone conference, and State Councillor Peng Peiyun spoke. She said the State Council's meeting was aimed at prompting provinces, autonomous regions, municipalities, and relevant State Council departments to adopt

effective measures, genuinely strengthen medical product supervision, and seriously deal with the criminal acts of producing and selling fake and shoddy medical products in view of the existing problems in medical product management. Peng Peiyun put forward five opinions on behalf of the State Council.

1. There is a need to deepen understanding over the necessity and urgency of enhancing medical product management. Reform and opening up has brought about rapid development of China's pharmaceutical sector. But one must also see to the fact that a lot of problems have cropped up in the area of medical product management in recent years. Main problems include: Chaos in the pharmaceutical market; unplanned establishment of pharmaceutical firms and indiscriminate production of medical products; medical material market fairs selling over-the-counter drugs in violation of the "Medical Product Management Law"; and the quality of medical products pose many problems, some of them quite serious. One problem that needs particular attention is that, despite the government's repeated bans, the illegal and criminal activities of the production and sale of fake and shoddy medical products, far from being put to a stop, tend to proliferate. The following cases testify to the seriousness of the problem. First, the production and sale of fake and shoddy medical products is rather serious in terms of category and quantity. Statistics show that China handled more than 80,000 cases of producing and selling fake and shoddy medical products from 1985 to 1993, and 24,500 of them were dealt with in 1993. The production and sale of shoddy medical products has expanded from precious medicinal herbs to chemical medicine, over-the-counter traditional Chinese medicine, medicine for injection, raw materials for medicine, imported medicine, or even poisonous medicine. Second, the production and sale of fake and shoddy medical products covers wide areas. Reports show that many localities are plagued with similar problems; more than 10 counties or (cities) in some provinces were found to have been involved in engaging in such illegal activities. Fake and shoddy medical products once flooded medical material market fairs, and some localities still fail to thoroughly address this problem. Third, the production and sale of fake and shoddy medical products pose great dangers. Many have died or been disabled as a result of taking or using fake medicines or medical products. The production and sale of fake and shoddy medical products indeed constitutes a murderous act.

The negligence of local governments and departments over the "life and death" work—medical product management work—and their failure to apply the law and effectively enforce the law are causes for the above-mentioned serious problems and have created opportunities for those producing and selling fake and shoddy medical products. The single-minded pursuit of local interests by some local governments, departments, and units, coupled with the existence of local protectionism, departmentalism, unhealthy party work style, and corruption have helped spread the trend of producing and



selling fake and shoddy medical products. And the flawed laws and regulations governing management of medical products are ill-adapted to the requirement for the development of a socialist market economy.

As medical products are special commodities which have a direct bearing on the health of the general public, their supervision brooks no relaxation, let alone unplanned development in disregard of state laws and regulations. A socialist market economy requires a complete set of laws and regulations and other supplementary measures to standardize the production of medical products. Adopting a laissez-faire attitude toward the spread of fake and shoddy medical products and turning a blind eye to fake and shoddy medical products endangering the people's lives constitutes a serious dereliction of duty. When touching on medical product management recently, Vice Premier Zou Jiahua called for adopting a strict, stern, and earnest attitude.

2. There is a need to carry out comprehensive inspection and rectification and genuine enhancement over medical product management. Enhancing medical product management work means stepping up the inspection, supervision, and serious and strict enforcement of the state's relevant laws and regulations. The State Council called on localities and relevant departments to carry out a comprehensive inspection and rectification drive in line with various stipulations set forth in the "emergency circular" following this meeting. It called on state-owned enterprises, private businesses, medicine markets, and medical institutions to conduct in-house inspection and rectification. All levels of people's governments should dispatch inspection groups to carry out earnest and strict inspections in the form of spot checks; they must not simply go through the motions. Relevant State Council departments will also organize inspection groups to carry out inspections in various localities. Following the present comprehensive rectification drive, localities and relevant departments must not slacken their efforts over medical product management work.

3. There is a need to carry out an in-depth "crackdown on fake products" drive, to deal with cases of criminal and discipline breaches according to law, and to check unhealthy tendencies in the procurement and marketing of medical products. It is necessary to further carry out the in-depth drive against the illegal and criminal activities of producing and selling fake and shoddy medical products, to treat the crackdown on fake medical products as the focal point of the "crackdown on fake products," and to carry out the work in a down-to-earth manner. Swift and heavy punishment should be meted out according to law to those criminal elements who produce and sell fake medical products. Major and typical cases having a negative impact on society should be publicized in the media. Those who abuse power, are derelict of duty, practice nepotism, bend the law for the benefit of relatives or friends, are involved in major and important cases of producing and selling fake and shoddy medical products must be sternly dealt with

according to law. Relevant personnel will be held criminal responsible if they shield and connive with criminal elements for the interests of their localities and their departments and if such criminal activities cause great losses to the masses. Shanxi's experience in rectifying the Houma pharmaceutical market indicated that efforts will pay off as long as leading cadres are determined to get rid of evils, adopt forceful measures, and work very hard.

4. There is a need to strengthen leadership, cooperate and coordinate closely with other departments, and conscientiously implement the "emergency circular." Leading cadres at all levels of government and other leading comrades must be highly responsible toward the state and the masses, be deeply conscious of the righteousness of the cause, take the interests of the whole into account, unify understanding, be determined to restore order in medical production in their localities, and support and supervise relevant people's governments in exercising their powers over medical product management. The State Council wants to reiterate that all levels of people's governments are required to establish an evaluation system on medical product management during their terms of administration, and that governments and relevant government leaders will be held responsible if they fail to restore order in medical product management in their regions. Various levels of industry and commerce administrative management, technical supervision, and public security departments are urged to coordinate with public health departments and medical production and operation departments to enhance medical product management.

5. There is a need to publicize the law and to improve laws and regulations. It is necessary to carry out in-depth propaganda drives to constantly raise awareness among cadres and the masses, to increase consciousness on the need to use the law to manage medical products, to make everyone involved in the supervision of medical product management enthusiastic, and to help create a sound environment for carrying out the drive against producing and selling fake and shoddy medical products.

There is a need to gradually formulate laws and regulations and to establish a system to perfect medical product management. The State Council will charge relevant departments with the task of summing up the current inspection and of rectifying problems which were uncovered in the inspection, and with the task of carrying out an in-depth study and improving relevant laws and regulations on medical product management. As the "Advertisement Law of the People's Republic of China" has been promulgated, all levels of governments and relevant departments are required to conscientiously study and implement it.

In conclusion, Peng Peiyun said that to enable the masses' easy access to medical products, and to safely and effectively protect the people's health and lives, localities and relevant departments must immediately

take action, resolutely implement the "emergency circular," and raise the medical product management level.

During the telephone conference leaders from the State Pharmaceutical Administration, the Ministry of Public Health, the State Administration of Traditional Chinese Medicine, the State Administration for Industry and Commerce, and the State Bureau of Technology Supervision set specific demands on and made arrangements for enhancing medical product management work in their respective departments.

### **Heterosexual Sex Main Avenue for HIV Transmission**

*HK0211081494 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1011 GMT 26 Oct 94*

[FBIS Translated Text] Beijing, 26 Oct (ZHONGGUO TONGXUN SHE)—By the end of July 1994, China had discovered 1,435 persons who have been exposed to the HIV virus, and of these 40 were AIDS patients. Sexual contact is the HIV virus' main channel of transmission in China.

Over 100 Chinese and foreign experts recently gathered in Beijing to discuss the issue of AIDS prevention. They warned young people that the best way to prevent exposure to the HIV virus is to learn about self-protection in their sex lives.

Among those who have been exposed to the HIV virus in China, 80 percent are young adults between the ages of 18 and 45. Judged from the way the virus is spread, except for some localities in Yunnan where drug addicts have acquired the virus through shared needles, sexual contact, especially heterosexual contact, is the main channel of transmission for the virus in China. Young adults who have active sex lives are the most vulnerable.

Experts from Beijing Union Medical University said that young people between the ages of 20 and 29 now account for 51 percent of the HIV carriers in China. For young people, the only effective way to protect themselves is self-protection. First, they must conduct their own sexual activities rationally and with restraint. Second, when they select sex partners, they must clearly understand their health conditions. When they find themselves in a certain situation, they should know about methods to protect themselves.

### **Crime and Punishment in the PRC for 15-31 Oct**

*HK0111131494*

[FBIS Editorial Report] The following is a compilation of reports on crime, investigations, trials, sentencing, and other judicial-related activities in the PRC during the period 15-31 October. The source and mode of processing are given in parentheses at the end of each entry. Certain reports deemed more significant may have been filed separately, in which case the summary will include the serial number of the separately filed item.

As evidenced by the stories listed below, during the month PRC crime reportage focused on the crackdown against vice and smuggling activities.

### **NATIONAL**

#### **Railway Police Report Success in Crime-Fighting Operations**

To enhance public security along the railways, railway public security units across the country have launched several crime-fighting operations, including the "summer operation to deal severe blows at criminal activities," the "summer mass campaign for rectifying social order," and the "criminal case cracking campaign." In July and August, a total of 6,265 criminal cases were cracked, including 1,727 major and extraordinarily serious cases; a total of 6,657 criminal elements were captured; and stolen goods and money with a total value of RMB 17.9 million (renminbi) were recovered. As a result, the crime rate along railways has dropped 32.9 percent as compared with the same period last year, and social order has been substantially improved at some key railway stations. (Summary) (Beijing FAZHI RIBAO in Chinese 10 Oct 94 p 2)

#### **Police Arrest Over 185,000 Criminals Aug-Sep**

Between August and September, Chinese police arrested over 185,000 criminals involved in approximately 78,000 serious criminal cases. According to incomplete statistics, the police have smashed 21,273 criminal gangs, have arrested 81,275 gang members and 12,755 perpetrators of various serious crimes, and have rectified poor public order in over 45,000 areas. Moreover, police in various areas have smashed various criminal gangs, including those headed by Wang Yinghan in Hainan, by Hou Linshan and Guo Binglin in Shanxi, and by Li Faquan in Hubei. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1147 GMT 15 Oct 94)

### **FUJIAN**

#### **Province Releases Statistics on Anti-Corruption Achievements**

Fujian has made several achievements in combating corruption. From January to September this year, discipline inspection and supervisory institutions throughout Fujian handled 3,883 corruption cases, of which 3,026 involved economic crimes, an increase of 14 percent over the same period of last year; 99 of these economic crimes involved cadres at the county sectional level and above; 438 corruption cases involved RMB 10,000; 751 cadres were given party or administrative disciplinary punishments; and economic losses of RMB 26.6 million were recovered. (Summary) (Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 15 Oct 94)

#### **Police Destroy Illegal Guns, Other Weapons**

Fujian police have recently destroyed over 8,100 illegal guns and over 32,000 controlled knives seized in recent years. According to police statistics, recent operations in

the province have uncovered 21 sites where guns were illegally manufactured, have cracked 75 cases in which guns were illegally traded, have smashed 18 gangs involved in the illegal manufacture and trading of guns, and have arrested 18 criminals. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1340 GMT 18 Oct 94)

#### Former Zhangping City Official Sentenced to Death for Corruption

On 19 October, Wu Yueguang, former director of the Zhangping City Education Bureau, was sentenced to death by the Intermediate People's Court of Longyan Prefecture for taking bribes and embezzling public funds. It was found that Wu took bribes and embezzled public funds totalling RMB 106,600 between 1990 and 1993. (Summary) (Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 21 Oct 94)

#### Fujian Implements 'Strict Measures' To Fight Smuggling

The Fujian authorities have implemented various "strict measures" to curb the spread of smuggling activities, including intercepting smugglers at sea, along the coast, and on land, "tightening control over the market," and imposing "strict punishment." Since August last year, Fujian has dealt with over 1,500 smuggling cases involving a total of over RMB 270 million, in which 165 people have been arrested.

The sea has become the main channel for smuggling activities. Various types of goods are being smuggled, including drugs, gold, foreign currency, fake currency, cultural relic, telecommunications equipment, and "filthy material." A new trend of smuggling high-tech products has been observed. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1401 GMT 24 Oct 94)

#### GUANGDONG

##### Guangzhou Sentences Criminals for Fabricating Receipts, Documents

A rally was held at the Guangzhou Railway Station square on 12 October, at which the municipal intermediate people's court announced the sentences for six defendants "accused of committing fabrication of receipts and documents for profiteering."

Three of the defendants, Tao Mingdong, Guo Liangyuan, and Zhang Xinguo, are natives of Zhejiang Province. Tao and Zhang were charged with collaborating with one another to fabricate approximately 520 documents, "including driving licenses for motor-powered vehicles, identity cards, and other kinds of certificates," and approximately 40 false seals in an underground workshop between April 1993 and May 1994. The proceeds from the sale of the forged documents and seals came to RMB 23,000. Tao and Guo were accused of using an underground workshop to "illegally print special receipts for value-added tax as

well as other kinds of ordinary bills" since November 1993. They earned RMB 400 from the sale of part of these forged receipts.

The court sentenced Tao Mingdong to life imprisonment on the conviction of "fabrication of illegal seals for profiteering" and deprived him of political rights for life. Guo Liangyuan was given a 15-year jail term and deprived of political rights for five years, while Zhang Xinguo was sentenced to ten years imprisonment and deprived of political rights for three years. Three other defendants in three separate cases involving profiteering from the sale of false value-added tax bills were either given life imprisonment or set terms of imprisonment. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1137 GMT 12 Oct 94)

##### Guangdong Intensifies Action Against Major Criminal Activities

To cope with the current trend of deteriorating social order and the increasing incidence of major criminal cases, the people's courts at all levels in Guangdong Province have focused their attention on the key aspects of public security, stepping up operations against crime and taking prompt, strong action against criminal offenders according to the law. From January to August this year, the people's courts at all levels throughout the province heard a total of 16,000 criminal cases, in which a total of 28,432 people were involved. Varying penalties were meted out to 21,536 criminals, of whom 59 percent received heavy penalties. Since mid-September, 21 city courts in the province have called meetings in nearly 80 crime scenes, large and medium-sized cities, and areas facing serious public security problems to collectively pronounce judgments on cases involving 691 serious criminal convicts, of whom 186 were sentenced to life imprisonment or death. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0935 GMT 12 Oct 94)

##### Guangdong Achieves Success in Fighting Smuggling

Anti-smuggling units at all levels in Guangdong Province have adopted a series of effective measures in recent years to investigate and handle major smuggling cases and to consolidate the market, thus curbing the previously rampant smuggling activities. Statistics have shown that their efforts have been a great success: Over 6,800 smuggling cases were cracked in the province between August 1993 and August 1994, a decrease of 14 percent from the previous year's record, and the value of fines collected from smugglers and confiscated goods totaled RMB 1.68 billion, a decrease of 10 percent. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0431 GMT 13 Oct 94)

##### Shenzhen Police Smash Crime Rings Run by Hong Kong Gangs

Since the beginning of this year, members of Hong Kong triad societies, such as the "14K," "Wo Sing Wo," and



"Sun Yee On," have infiltrated Shenzhen to set up crime rings. They have committed all sorts of crimes, forcing women into prostitution, kidnapping and blackmailing people, trafficking in narcotics and counterfeit banknotes, running gambling dens, and forcing people to pay "protection fees." The Shenzhen police have taken firm and strong action against these crime rings. An anti-triad operation run by the Shenzhen police for more than a month from early September to 13 October has proven to be a great success. A number of underground societies run by Hong Kong triad elements have been smashed; nearly 200 criminal cases of robbery, rape, kidnapping, blackmailing, and drug trafficking have been cracked; and ill-gotten gains and stolen goods with a total value of over RMB 1 million have been confiscated. (Summary) (Hong Kong WEN WEI PO in Chinese 14 Oct 94 p A10)

#### Kidnappers, Other Criminals Sentenced to Death in Huidong County

The trial of the case involving the kidnapping of a Hong Kong business firm's agent that took place on 27 April 1993 has been concluded in Huidong County, Guangdong province. The court announced that the masterminds Li Weiping and Liu Zhijian were pronounced guilty of kidnapping and ransoming and were executed. Other criminals involved in the case were sentenced as follows: Ding Ping was sentenced to death with reprieve, Li Hanjun was sentenced to life imprisonment, and Wu Yuhui, Yang Yaoping, and Pan Yanping were sentenced to imprisonment. After the case was cracked, RMB 295,000, representing part of the ransom, and a motor-cycle purchased with another part of the ransom, were recovered and returned to the victim. Seven other criminals involved in the same case are still at large.

On the same day, sentence was passed on a total of 24 criminals involved in nine cases, of whom 12 were sentenced to death, one to death with reprieve, five to life imprisonment, and six to imprisonment of different terms. (Summary) (Hong Kong TA KUNG PAO in Chinese 15 Oct 94 p 4)

#### Shenzhen Releases Statistics on Anti-Smuggling Operations

Between January and September, Shenzhen handled over 9,600 smuggling cases and arrested several hundred suspects. Between January and August, the PRC Customs Authorities stationed in Kowloon, Hong Kong cracked 41 smuggling cases involving approximately RMB 100 million of goods for which fake customs licenses, fake customs seals, and fake customs officers' signatures were used. In view of the increase in the smuggling of steel products, plywood, and processed edible oils, they have stepped up anti-smuggling efforts since September and have seized 40,000 tons of smuggled processed edible oils. Between January and September, they seized over 9,000 tons of steel products. The Kowloon-based customs authorities also seized a large number of smuggled cars, air-conditioners, laser

disk players, computers, and currencies. (Summary) (Hong Kong MING PAO in Chinese 18 Oct 94 p B2)

#### Hong Kong Guangdong Packing Company Director Executed for Graft

The Guangzhou Intermediate Court sentenced Cai Shoushan, former director and executive manager of the Hong Kong Guangdong Packing Company, to death on 23 September and sent him to be executed immediately. He was convicted of graft and the embezzlement of public funds. Since 1992, Cai had embezzled astronomical sums of public funds, losing most of them while gambling in Macao. He still owed approximately RMB 3 million and HK\$340,000 [Hong Kong dollars] to the authorities. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1105 GMT 18 Oct 94)

#### Guangdong Marine Police Solve Drug Trafficking Case

A Guangdong Marine Police detachment has solved an armed maritime multinational drug trafficking case of a scope rarely seen since the founding of New China. In the operation, it seized 51 cartons of marijuana weighing 1,408.3 kg, 828 rounds of ammunition for the "5.4" Model assault rifle, four magazines, and two boats used to pick up drug shipments and arrested 15 Chinese and foreign drug traffickers. The Public Security Ministry conferred Class 3 Collective Merit on the detachment for the outstanding anti-smuggling operation and gave awards to three other units and 33 individuals.

Ever since its inception in 1973, the Marine Police Detachment of the Guangdong Border Defense Corps has been upgrading its equipment and technology. Officers and soldiers have dedicated themselves to the fight against crime, inflicting heavy blows on maritime crime and achieving outstanding results. Since 1991, it has seized approximately 1,800 boats used in smuggling activities and RMB 560 million worth of contraband and has solved 163 smuggling cases. (Text) (Beijing GUANGMING RIBAO in Chinese 19 Oct 94 p 4)

#### Shenzhen Police Arrest Hong Kong Triad Gang Members

In October, with the cooperation of the Hong Kong police, Shenzhen detectives arrested three Hong Kong residents who were involved in smuggling mainland women into Hong Kong to engage in prostitution. One of those arrested was a member of the "Sun Yee On" triad, a Hong Kong-based criminal gang. Recently, the police in Luohu also cracked a criminal gang which had been organized by Hong Kong's "14K" crime syndicate, arresting six persons and seizing approximately 700 grams of heroin and RMB 600,000 in fake banknotes. The police sub-bureau in Luohu also crushed a criminal gang organized by the "Sun Yee On" which was involved in kidnapping and blackmail, arresting four persons, three of whom were Hong Kong residents. In another case, Hong Kong resident Leung Shou-quan was arrested on 5 October when he tried to steal a Toyota bus in

Shenzhen. Leung was a member of the Hong Kong-based "Wo Sing Wo" triad and had been involved in a number of car thefts. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE 1251 GMT 20 Oct 94)

#### Guangdong Announces Success in Campaign Against Vice

At a news briefing on the results of the anticrime campaign, it has been announced that, through the unified action over the past three months, open prostitution, gambling, and drug trafficking have been checked throughout Guangdong Province. Severe punishments were meted out to 899 people who had been organizing, controlling, and supporting such criminal activities; more than 19,900 criminal cases related to prostitution, gambling, and drugs were cracked, and more than 82,000 people involved in these cases were detained. A total of 4,498 crime syndicates involved in prostitution, gambling, and drug trafficking were found and suppressed; 6,015 places where such activities occurred were closed; and over RMB 28.8 million in ill-gotten money from such criminal activities was confiscated. (Summary) (Guangzhou Guangdong People's Radio Network 0400 GMT 20 Oct 94)

Hong Kong ZHONGGUO TONGXUN SHE in Chinese at 1034 GMT on 21 October carries a similar report, which specifies the figures as follows: In the unified campaign to wipe out "pornography, gambling, and drugs" from 16 July to 15 October, the province handled 19,921 such cases, which involved 82,185 persons, among whom 407 were party members and state personnel.

#### Zhuhai Court Sentences Bomber to Death

The Zhuhai Intermediate People's Court held a rally on 25 October to announce the death penalty for Wu Dejin, the criminal responsible for the explosion which occurred at Gongbei Customs on 28 February 1993. He was executed immediately thereafter.

On 28 February 1993, Wu, a Macao resident, had attempted to carry three Russian-made hand grenades from China to Macao through Gongbei Customs. When interrupted by customs personnel, Wu detonated the three grenades, wounding five customs officers and destroying a number of buildings and office fixtures. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1225 GMT 25 Oct 94)

#### Guangzhou Sentences Hong Kong Drug Traffickers, Others to Death

Three drug traffickers from Hong Kong, Bao Weixiang, Qiu Qingjie, and Huang Zhigang, were executed in Guangzhou on 25 October. The three were members of a Hong Kong triad gang and were involved in smuggling "crack" to the Philippines.

Filipino drug traffickers asked Huang to arrange to smuggle "crack" from Guangzhou to the Philippines in

June 1992. Huang conspired with Bao to smuggle the drug, and on June 28 Bao left Hong Kong for Guangzhou, where he received three packages of "crack" weighing a total of 2.947 kg. On June 30, he flew to the Philippines with the drug, where he received HK\$26,000 for his role as a go-between. In October 1992, Bao began to deal directly with the Filipino drug traffickers and made Qiu his accomplice. The two men travelled from Hong Kong to Guangzhou on October 9 to pick up 11 packages of "crack" with a total weight of 10.922 kg. They were arrested on 13 October at Baiyun Airport as they attempted to take the drug out of the country. (Summary) (Beijing ZHONGGUO XINWEN SHE in English 1145 GMT 25 Oct 94)

#### Guangdong Cities Hold Sentencing Rallies for Vice Crimes

On the morning of 25 October, 12 cities in Guangdong, including Guangzhou, Shenzhen, Zhuhai, Foshan, Shantou, Zhongshan, and Dongguan, held open meetings to pronounce death sentences on criminals involved in gambling, prostitution, and drug trafficking. Fourteen criminals who forced others to engage in prostitution and 30 criminals who trafficked in pornographic publications and smuggled drugs were sentenced to death. A total of 362 criminals involved in obscenity, gambling, and drug trafficking were sentenced by the court today. Apart from these 44 criminals who were sentenced to death, 14 others were sentenced to death with a two-year reprieve, and 31 were sentenced to life imprisonment. Du Youping, Wang Zhifang, and Wu Senlin, cultural market inspectors of Shenzhen's Nanshan District Recreation and Sports Commission, took advantage of their positions and accepted bribes to connive in the illegal showing of pornographic videotapes, gambling, and obscenity in that district's nightclubs and hotels. From March last year to July this year, they accepted bribes of RMB 160,000 and HK\$15,000. (Summary) (Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 25 Oct 94)

#### Zhuhai Sentences Criminals Involved in Prostitution, Gambling, Drugs

The Zhuhai City Intermediate People's Court held an unprecedentedly large rally on 25 October to pass sentence on 34 convicts charged of involvement in prostitution, gambling, and drug trafficking and 20 other convicts involved in major criminal cases. Thirteen convicts were sentenced to death, six of whom were charged with involvement in prostitution, gambling, and drug trafficking. In the past two months alone, Zhuhai City has investigated 866 cases of prostitution, gambling, and drug trafficking, has captured more than 3,000 culprits, and has smashed 147 criminal rings. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 0953 GMT 25 Oct 94)

#### Shenzhen Executes Criminals for Prostitution, Drug Trafficking

A public trial was held in Shenzhen on the morning of 25 October, at which varying penalties were meted out in accordance with the law to 27 criminal elements involved in prostitution, gambling, drug trafficking, and triad society activities. Four arch convicts who had forced others to engage in prostitution or trafficked drugs were sentenced to death and executed after the trial. A Hong Kong resident was sentenced to four years' imprisonment and a Nepalese to six years' imprisonment, both on charges of drug trafficking. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1044 GMT 25 Oct 94)

#### Shenzhen Destroys Pornographic Publications, Drugs

As a step toward further cracking down on all kinds of criminal activities, the Shenzhen City Police on 25 October publicly destroyed all the drugs, pornographic publications, and harmful entertainment products that had been confiscated this year. During this operation against pornography, gambling, and drugs, the police burnt 7.4 kg of heroin, 61.73 kg of opium poppy seeds, 676 decks of pornographic playing cards, more than 6,300 copies of pornographic publications, more than 3,700 pornographic video tapes, more than 1,500 packages of aphrodisiacs, and a number of other goods related to pornography, gambling, and drug addiction in 15 categories, including pornographic video laser discs, Chinese dominoes, and gambling chips, all of which are directly or indirectly harmful to the public. Nearly 10,000 local spectators were present to witness the destruction of the goods. (Text) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1226 GMT 25 Oct 94)

#### Four Drug Trafficking Cases Cracked at Guangzhou Baiyun Airport

Four drug trafficking cases were recently cracked at Guangzhou's Baiyun International Airport. Sixteen grams of narcotics were found in the luggage of an Urumqi passenger leaving Guangzhou for home on 6 October; a Wuhan passenger carrying 100 grams of narcotics was arrested on 7 October; a Shanghai passenger also carrying 100 grams of narcotics was arrested on 10 October; and two packages of narcotics with a total weight of 80 grams were found when a Xiamen drug addict was trying to pass the customs checkpoint on 18 October. All the drug traffickers were caught as they were leaving Guangzhou for home. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0844 GMT 27 Oct 94)

#### Shenzhen Court Sentences Drug Traffickers to Prison Terms

Following an operation to deal severe blows at prostitution, gambling, and drug addiction and trafficking, the Shenzhen court and police on 28 October held two meetings to pronounce judgments on a group of criminals: 11 convicts were sentenced to prison terms ranging from five to 15 years, and administrative actions were

taken against 18 criminal elements, who were sent to education-through-labor camps, were detained, or were arrested. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1102 GMT 28 Oct 94)

#### GUANGXI

##### Guangxi Releases Statistics on Anti-Smuggling Operations

Large-scale smuggling activities conducted by groups have basically been curbed in Guangxi. In the first half of the year, Guangxi dealt with 78 smuggling cases which involved more than RMB 67 million, representing an increase of 21.8 percent and a decrease of 82.1 percent respectively when compared with the same period of last year. A drop has been registered in car smuggling by sea; in the first half of the year, Guangxi investigated 20 car smuggling cases and seized more than 140 cars. As a result, cigarettes have become the primary commodity for smuggling. (Summary) (Beijing ZHONGGUO XINWEN SHE English 1328 GMT 19 Oct 94)

##### Guangxi Reports Progress in Fight Against Crime

From 15 August to 30 September, public security institutions throughout Guangxi investigated 4,165 major cases of all kinds, unearthed 1,834 criminal gangs comprising 8,267 members, arrested 874 fugitives, rectified 940 major districts and 1,270 major establishments, captured 1,849 guns, of which 88 were military guns, and 2,307 rounds of ammunition, 72,584 kg of explosives, and 4,106 pieces of weapons. They also destroyed "thug factions, gangs, and evil forces" and mopped up gambling, prostitution, and other "obscene activities." (Summary) (Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 24 Oct 94)

#### HAINAN

##### Haikou City Executes Three Criminals, Imprisons Others

On 11 October, Haikou Intermediate Court and Xinhua District Court sentenced 11 criminals, of whom three were sentenced to death.

Zhang Lianjie, who killed a man, Zhai Junhong, on 9 October 1993, was convicted of murder with intent and was sentenced to death.

Xing Zezhong, Lin Wu, Xing Guanquan, Xing Zhangcheng, and Xing Dazhong were convicted of burglary. Xing Zezhong was sentenced to death, and the rest were sentenced to death with two years' reprieve or life imprisonment.

Li Dawei and Weng Xiaofeng, together with several others, robbed swimmers on Xiuyingbinhai beach between August and October 1993. Li was sentenced to death and Weng to life imprisonment. (Text) (Haikou HAINAN RIBAO in Chinese 12 Oct 94 p 1)

##### Hainan Cracks Criminal Gang Producing 'Ice'



On 17 October, Hainan Province Public Security Department's border defense unit cracked down on a criminal gang which used hydrochloric acid and ephedrine to manufacture "ice," arrested six criminals, and seized some drugs. The main culprit, a person named Kang from Taiwan, is still at large. His open identity was the general manager of the Hainan Hongdai Fishery Development Company, which required the chemicals to "process small fish into feed." In June, he bought three tonnes of chemicals in Shanghai, which arrived in Hainan on 9 July. They set up a factory in the town of Linwang near Sanya City to manufacture drugs. A total of two kg of ice has been made and sold to other localities. (Summary) (Beijing ZHONGGUO XINWEN SHE 1047 GMT 22 Oct 94)

## HENAN

### Henan Releases Statistics on Fight Against Economic Crime

On 17 October, the Henan Provincial Party Committee Political Science and Law Commission held a news briefing on curbing economic crime throughout the province. Since the beginning of this year, public security departments throughout the province have handled 1,437 economic criminal cases, have eliminated 265 criminal gangs, and have seized 1,852 law breakers, thus recovering economic losses of RMB 45.84 million. Procuratorates throughout Henan have dealt with 72 county-sectional-level cadres who committed major economic crimes.

The provincial procuratorate has severely dealt with the case of Yang Zhenghai, former member of the Zhengzhou City CPC Committee, for accepting a bribe of RMB 130,000. The Luohe City Procuratorate has handled the case of Luo Dingou, former director and party committee secretary of the city electric supply factory, who accepted a bribe of RMB 60,000. The Luoyang City Procuratorate has dealt with the case of Chen Boxi, former deputy director of the city winery, for accepting a bribe of 180,000 yuan. From January to September this year, the courts at all levels throughout the province handled 1,476 cases of corruption, bribery, and embezzlement of public funds. (Summary) (Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 18 Oct 94)

### Doctor Executed for Facilitating Births Outside State Plan

ZHONGGUO QINGNIAN BAO (CHINA YOUTH NEWS) has reported that Yu Jianan, the vice director of the Linxian Number Two Hospital in central Henan Province, was executed on 18 October for writing 450 false sterilization certificates to help women circumvent China's family planning regulations. The doctor and five of his colleagues pretended to have carried out the sterilizations between 1986 and 1991 on women who could subsequently give birth illegally. The false certificates earned the doctors RMB 200,000, of which more

than half went to Yu. Yu's accomplices received jail terms. (Summary) (Hong Kong AFP in English 0509 GMT 21 Oct 94)

## HUNAN

### Hunan Police Report Seizures of Firearms, Ammunition

Since this May, the Hunan police have seized 3,173 guns, 345 cartridges, 495 homemade cannons, 55 grenades, 1,096 controlled knives, 1,694 pieces of police equipment, and 11,000 kg of explosives. The province has handled over 280 cases in which firearms and ammunition were illegally manufactured and sold, explosives were illegally traded, and firearms, ammunition, and explosives were used in the course of perpetrating the crimes. The province has also uncovered 12 places where guns and ammunition were illegally manufactured and sold and has arrested 2,792 criminals. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1247 GMT 15 Oct 94)

### Hunan Sentences Criminals to Death for Running Prostitution Ring

The China Procuratorate News has reported that the Hunan authorities have sentenced six people to death and seven to prison terms for running a prostitution ring involving more than 100 young girls. Two of the death sentences were suspended for two years. The gang members were convicted of selling approximately 107 village girls into prostitution, some of them to brothels in Hong Kong, between 1990 and 1993. The gang fooled the girls by promising them they legal manual work in the cities. (Summary) (Hong Kong AFP in English 20 Oct 94)

## JIANGXI

Jiangxi Radio Reports Prosecution of Economic Criminals On 10 May this year, Zhang Shaohua, a clerk from the Longnan County Post Office, ran off with RMB 250,000 that he had embezzled by abusing his official functions. In the face of strong pressure from the Longnan County procuratorial organ, Zhang Shaohua eventually surrendered himself to the police on 20 May and returned RMB 230,000 of the ill-gotten funds.

On 1 July this year, Zhou Xingwen, a teller from Guodong Village, Aicheng Town, Yongxiu County, embezzled more than RMB 170,000 in land requisitioning fees for the construction of a highway and then absconded with the stolen money. The Yongxiu County Procuratorate sent teams to pursue and capture the criminal, which they succeeded in doing on 23 July in Jilin, when they retrieved all the stolen money.

Liu Quansheng, a sales representative of a linen fabrics factory in Linchuan County, embezzled a total of RMB 142,000 in public funds in the process of selling products between May 1990 and December 1992. He absconded with the ill-gotten money in March last year, and the Linchuan County Procuratorate sent a team to pursue and capture the criminal. After searching for him in

Liaoning Province three times, they eventually found and apprehended him in Anshan on 25 April this year.

The investigations in these cases have been concluded, and the criminals have been prosecuted in accordance with legal procedures. (Summary) (Nanchang Jiangxi People's Radio Network in Mandarin 1100 GMT 20 Oct 94)

#### JILIN

Trade Unionist Sentenced to Life Imprisonment for Graft

The Changchun Intermediate People's Court recently sentenced Xue Jingwan, former vice chairman of the Jilin Provincial Federation of Trade Unions, to life imprisonment for graft. Xue Jingwen, 43, was manager of the Shixian Paper Mill in Yanbian from 1990 to 1993; during that period he embezzled money and materials totalling RMB 140,000 and accepted bribes and gifts valued at RMB 18,000. He also had randomly engaged in sexual relations with nine women and made pornographic video tapes, causing a very bad influence. (Summary) (Hong Kong ZHONGGUO TONGXUN SHE 1112 GMT 24 Oct 94)

#### QINGHAI

On 22 October the Xining City Intermediate Court held a meeting at the Xining Railway Station concourse and in Datong County to pronounce death sentences on eight major criminals involved in murder and robbery. On 20 February 1993, Sun Yidong killed the occupant of a room in the Qinghai Teachers University because the victim saw him stealing something from the room. Sun Yidong committed burglary on many occasions from 1990 to 1993. The provincial and Xining City courts sentenced him to death.

Duan Changzheng was sentenced to four years in prison in 1990 for larceny. On 4 December 1993, Duan Changzheng stole RMB 120,000 from the Qinghai Medical College hospital, killing two people and wounding another two when fleeing from the hospital. The way he committed the crime was "particularly vicious," and the damage caused to society was "extremely serious." The Xining City Intermediate Court sentenced Duan Changzheng to death, and the Provincial Higher Court ratified the judgment and instructed that the death penalty should be implemented.

The other six criminals were also sentenced to death for murder and robbery. After the meeting, these eight criminals were escorted to the execution ground, where they were shot. (Summary) (Xining Qinghai People's Radio Network in Mandarin 2300 GMT 23 Oct 94)

#### SHANGHAI

Shanghai Railway Intermediate Court Executes Two Criminals

The Shanghai Municipality Intermediate Court (Railway Transport) pronounced judgment on two major criminal cases after the second trial on 21 September. In accordance with the order issued by the Shanghai Municipality Higher People's Court, the intermediate court had robber Lin Jianqing and burglar Zhu Minghui escorted to the execution grounds and shot. In order to further safeguard social order along the railroads, the railway courts at two levels in Shanghai have launched a series of trials since August to sternly crack down on robbery and larceny. In this connection, the courts have promptly tried 65 cases and meted out heavy penalties according to the law. More than 170 criminals have been punished in accordance with the law. (Summary) (Beijing FAZHI RIBAO in Chinese 10 Oct 94 p 2)

#### SHANXI

Taiyuan City Executes Criminals for Homicide, Robbery, Kidnapping

The Taiyuan City Intermediate Court held a judgment pronouncement meeting in its court room on 27 September. Nine criminals were punished in accordance with the law, and five arch convicts were executed. Some prefectural and city intermediate courts in the province also held large-scale judgment pronouncement meetings to pass sentences, in accordance with the law, on some criminal elements who had disrupted social order and upset social stability. Some convicts who had committed serious criminal offenses, such as homicide, robbery, major burglary and larceny, and kidnapping, which had incurred great popular indignation, were executed in accordance with the law. (Summary) (Taiyuan SHANXI RIBAO in Chinese 3 Oct 94 p 1)

#### SICHUAN

Six Criminal Convicts Executed in Chengdu

Entrusted by the Chengdu City Intermediate People's Court, the Jinniu District People's Court of Chengdu City on 29 September held a public judgment pronouncement meeting to pass sentence on some criminals. Six convicts, including Wang Yi, who had committed crimes severely endangering public security, were sentenced to death. Twelve other criminals, including He Zhongwei, were sentenced to varying penalties, ranging from the death penalty with two years' probation to imprisonment of five years or more. The six convicts sentenced to death were escorted to the execution grounds and executed after the judgment pronouncement meeting.

Among the six executed convicts were the killer Wang Yi and the grand larcener Tang Tingrong. Wang Yi was intercepted by security guards when he and some other people were burglarizing the Chadianzi Farm Product Market on 4 May this year. While fighting with the security guards, he killed the security guard team leader Tian Zhengwen and wounded another security guard, Ren Zaixiong. Tang Tingrong had been engaged in

burglary with several accomplices for quite some time. He broke into houses and opened safes 12 times, stealing goods and personal effects with a total value of RMB 55,790 yuan. (Text) (Chengdu SICHUAN RIBAO in Chinese 6 Oct 94 p 3)

#### Bank's Local Bureau Chief Imprisoned for Corruption

Zou Jinggu, as chief of the Beihai Bureau of the Yibin Prefecture branch of the Industrial and Commercial Bank of China, approved the purchase of a 400-mu lot located along the banks of the Tanfeng Water Reservoir of the Jiangshan Tourist Resort in Fangcheng County, Guangxi Region, at a price of RMB 26,000 per mu. His old classmate, Liu of Neijiang City, who acted as a go-between in the transaction, gained RMB 800,000 as a broker's fee. In return, Liu paid Zou RMB 100,000 in commission. With this commission, Zou bought shares in a Yida Company, and later gained a profit of RMB 17,900 as dividend. Zou's case was exposed and he was prosecuted on the charge of bribery. On 9 September, the Yibin City People's Court publicly heard Zou's case, the largest bribery case ever tried in Yibin prefecture since the founding of the PRC. The trial concluded with Zou Jinggu being sentenced to 10 years' in prison, deprivation of political rights for one year, and confiscation of RMB 100,000 in bribes and RMB 17,900 in ill-gotten gains. (Summary) (Chengdu SICHUAN RIBAO in Chinese 6 Oct 94 p 6)

#### Sichuan Releases Statistics on Anti-Crime Operations

In close coordination with the relevant departments, public security institutions in Sichuan have made achievements in conducting a large-scale crackdown on crime and a rectification of the social order throughout the province since August. According to statistics, in the September crackdown, they unearthed more than 1,800 criminal cases, of which 3,600 were major or particularly serious ones, destroyed 2,200 criminal gangs, arrested 8,200 criminal gang members, and recovered stolen goods worth RMB 27 million, thus bringing about a change for the better in the province's urban and rural social order. (Text) (Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 24 Oct 94)

#### Company Managers Imprisoned for Profiteering, Speculation

Yang Zaiwen, manager of the Wusheng County No. 2 Light Industrial Product Supplying and Marketing Company, and Tang Xiaopeng, manager of the building material trading department in the Chongqing subsidiary of the Wusheng County No. 2 Light Industrial Product Supplying and Marketing Company, illegally set up an office in the name of their company and issued counterfeit invoices in exchange for colossal profits from January 1991 to April 1994. They made more than RMB 250,000 in the illegal operation. On 14 September, the Jiangbei District Court of Chongqing City sentenced Yang Zaiwen to two years' imprisonment and Tang Xiaopeng to 18 months' imprisonment on the charge of

"profiteering and speculation." (Summary) (Chengdu SICHUAN RIBAO in Chinese 6 Oct 94 p 6)

#### YUNNAN

##### Three Inmates Killed While Holding Hostage in Yunnan

On 23 August 1994, in Yunnan's Luxi County Prison, inmate Li Zhengping and his two accomplices dragged warden Lei Erbu into cell No. 6 when he opened the gate to let prisoners out. They held him hostage in cell No. 6 and demanded a jeep, three handguns, 1,000 rounds of ammunition, and 200,000 yuan for them to use to flee the country, and they said they would kill the hostage if their demands were not met. The authorities tried to persuade them to surrender, to no avail. Finally, at 0200 on 24 August, a commando shot and killed Li Zhengping, and other commandos dashed to cell No. 6 and tried to overwhelm the other two prisoners, who fought back with wooden bars, but were killed during the fighting. The hostage was rescued. (Summary) (Beijing FAZHI RIBAO in Chinese 24 Oct 94 p 3)

#### Science & Technology

##### Officials Praises Nuclear Safety Administration

OW0211114594 Beijing XINHUA in English 1130 GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—Chinese State Councillor Song Jian today extolled the outstanding performances of the National Nuclear Safety Administration (NNSA) in ensuring the safe operations of the country's nuclear installations.

Song, also minister in charge of the State Science and Technology Commission, told a meeting here in celebration of the 10th anniversary of the founding of the NNSA, that the NNSA has done outstanding pioneering work in the appraisal and supervision of the safety of nuclear installations and in formulating laws, rules and regulations concerning safe operation of nuclear installations.

Reviewing the work of the NNSA over the past 10 years, Huang Qitao, vice-minister of the State Science and Technology Commission and director of the NNSA, said that it has always adhered to the principle of "safety first, quality first" in developing nuclear energy.

He said that the NNSA has gradually set up a complete legal system on nuclear safety by drawing on the experience of the International Atomic Energy Agency and the advanced foreign countries in the peaceful utilization of nuclear energy and in line with the country's actual conditions. It also implements license system for the civilian use of all nuclear installations, he added.

He revealed that a nuclear energy law will soon be submitted to the National People's Congress for approval.



Huang noted the NNSA has made gratifying achievements in the safety evaluation and supervision of nuclear installations for civil use and nuclear fuel cycle installations, scientific research on nuclear safety technology and management, and its cooperation with foreign countries and international organizations in nuclear safety supervision and management.

The NNSA has set up three regional offices in Shanghai, Guangdong and Chengdu to supervise the nuclear installations for civil use in the eastern, central and western parts of the country, he said.

Founded in March, 1989, the Beijing Nuclear Safety Center has been an important force for nuclear safety technology while the expert committee for nuclear safety which was set up in June, 1986, is an advisory organization for formulating policies, laws and regulations on China's nuclear safety.

Huang said that the past 10 years since the founding of the NNSA marked a new stage in China's peaceful utilization of nuclear energy.

Since its commercial operation in May this year, the Qinshan Nuclear Power Plant has been working with high efficiency. The two generating units of the Guangdong Daya Bay Nuclear Plant are also in normal operation.

An international regulatory review team organized by the International Nuclear Safety Convention made an evaluation of the work on the nuclear safety supervision and management during its visit to China between April and May this year.

The team was impressed by the overall competence of the NNSA staff and by their desire to learn and implement international practices. The licensing and review process employed for the Daya Bay and Qinshan units conforms with good international practices, the team held.

The NNSA, a government department in China independently implementing nuclear safety supervision and management, was founded on October 30, 1984.

#### **Doctors Discover Genes for Hereditary Disease**

OW0211060194 Beijing XINHUA in English 0518  
GMT 2 Nov 94

[FBIS Transcribed Text] Shanghai, November 2 (XINHUA)—Chinese doctors have discovered the genes responsible for a fatal hereditary disease by means of molecular inspection.

Zheng Yitao, a specialist in hereditary genetics at the Shanghai Institute of Medical Heredity, and his colleagues found the genes responsible for Huntington's Chorea after seven years of research.

Huntington's Chorea is a typical dominant genetic disease. Patients suffering from the disease are abnormal in

their personalities and intelligence. They lose control of their behavior and tend to dance without knowing it. They get worse as time passes and finally die from the disease within ten to 20 years.

The incidence of the disease is only 0.01 percent, but it is passed on from generation to generation.

Zheng and his partners, through co-operation with the Xuzhou Medical College in east China's Shandong Province, initiated a molecular genetics study of more than 100 patients of two family clans in Xuzhou and in east China's Zhejiang Province.

Noting the difference between the genes of healthy people and those of 56 sufferers from the disease, the doctors were able to trace the development of the genes of the patients by means of increasing their amounts of deoxyribonucleotide.

#### **Economic & Agricultural**

##### **Wen Jiabao Addresses Meeting on Peasant Burdens**

OW0111132294 Beijing XINHUA Domestic Service in Chinese 1140 GMT 31 Oct 94

[By RENMIN RIBAO reporter Xia Jun (1115 8823) and XINHUA reporter Chao Wen (6872 2429)]

[FBIS Translated Text] Beijing, 31 Oct (XINHUA)—At a national conference on supervision and management of the peasants' burden today, Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat, pointed out: Because issues concerning the peasants have an impact on the overall situation of reform, development, and stability, we should continue our efforts to ease the peasants' burden.

Wen Jiabao said: Since the Third Plenary Session of the 11th CPC Central Committee, we have greatly aroused the peasants' enthusiasm and promoted the development of the rural economy through rural reform. Successful rural reform has laid a solid foundation for overall reform of the economic system. Rural economic development has promoted overall development of the national economy. Rural economic development will, in the future, continue to play a pivotal role in the process of developing the socialist market economy and attaining the second-step strategic objective. Rural areas, though crucial to our goal of attaining moderate prosperity, also present us with difficulties. The entire nation will not enjoy moderate prosperity if the peasants fail to become moderately prosperous. Rural areas are also the foundation of social stability: Stability in rural areas means stability for the entire society. When the peasants live and work in peace and contentment, there will be peace across the land, a strong worker-peasant alliance will result, and the government of the proletariat will be solid as a rock.

Wen Jiabao pointed out: Basically, to effectively handle peasant-related issues in this new era, we should respect the peasants' wishes, protect their interests, and arouse and fully bring into play their enthusiasm. At present, an important issue is easing the peasants' burden. Through a series of measures adopted in recent years by the party Central Committee and State Council, which have acted with great determination, and the huge amount of work conducted by all localities and relevant departments, significant results have been obtained in easing the peasants' burden. However, we must also realize that the problem of arbitrarily increasing the burden of peasants has not been fully solved. Peasants in some localities, particularly poor ones, still shoulder rather heavy burdens, and in some cases where the situation has improved slightly, relevant problems have recurred. Thus, earnest efforts to ease the peasants' burden should be considered a long-term task that should be carried out unrelentingly in work related to rural areas. We should formulate and improve corresponding laws and statutes to regulate and systematize the way we conduct the task. Developing production and invigorating the economy are of fundamental importance to our task of easing the peasants' burden. We should combine our efforts to ease the peasants' burden with our efforts to lead the peasants toward prosperity. Party committees at all levels and relevant departments should proceed from safeguarding the general interests of work by the entire party, and continue to attach importance to and consolidate relevant tasks.

Today, the Ministry of Agriculture, Ministry of Supervision, Ministry of Finance, State Planning Commission, and State Council's Bureau of Legislative Affairs jointly commended 300 comrades, including Li Mingrui, who have made outstanding contributions in work to ease the peasants' burden, and awarded them the title of "national advanced workers in easing the peasants' burden." Also commended were eight reporters from seven central news units, including the XINHUA NEWS AGENCY, RENMIN RIBAO, and NONGMIN RIBAO.

State Councillor Chen Junsheng also attended the meeting today.

#### **Wu Bangguo on Party Building in Metallurgy**

*OW0211052194 Beijing XINHUA Domestic Service in Chinese 0825 GMT 1 Nov 94*

[By RENMIN RIBAO reporter Jiang Shijie (3068 0013 2638) and XINHUA reporter Sun Jie (1327 2638)]

[FBIS Translated Text] Beijing, 1 Nov (XINHUA)—Wu Bangguo, member of the CPC Central Committee Political Bureau and Secretariat, pointed out today at a national meeting on party building and commending model workers in metallurgical departments: The "decision" adopted by the Fourth Plenary Session of the 14th CPC Central Committee has set the objective and tasks for further strengthening party building, and all units should conscientiously implement it according to their actual conditions.

Wu Bangguo said: Leading party cadres at all levels must profoundly understand the essence of this document adopted at the Fourth Plenary Session of the 14th CPC Central Committee and implement the CPC Central Committee's overall plan for party building in an all-round way. They must fully understand the importance and urgency of strengthening party building and enhance their consciousness in undertaking party building firmly and effectively.

Wu Bangguo said: Developing a socialist market economy and establishing a modern enterprise system have set forth new tasks for party building. The change in structural relations and in other aspects under the conditions of a market economy [shi chang jing ji tiao jian xian ti zhi guan xi deng fang zhian di bian hua 1579 1034 4842 3444 2742 0115 0007 7555 0455 7070 4762 4583 2455 7240 4104 6239 0553] not only produces a tremendous influence on people's ways of thinking and life, but also sets new requirements for the method of party leadership and the form of party activities. The "decision" of the Fourth Plenary Session of the 14th CPC Central Committee has made three points clear on the status and role of enterprise party organizations: First, the reform designed to establish a modern enterprise system in state-owned enterprises must be unswervingly carried out; second, the "decision" has reiterated "three sentences" [not further specified] to stress the need for state-owned enterprises to persist in giving full scope to the political and nucleus role of their party organizations, while establishing a modern enterprise system; third, the party organizations in state-owned enterprises should carry out their activities within the scope of their responsibilities as stipulated by the party constitution and according to the relevant laws and regulations of the state. We should follow this way of thinking and rely on the wisdom of the masses to continue our exploration in practice and to try to discover, as soon as possible, a modern enterprise leadership system with Chinese characteristics that meets the objective requirements of modern production.

Wu Bangguo pointed out: Various departments should set specific objectives and measures for work according to actual conditions. Before forming opinions and putting them into practice, it is necessary to engage in in-depth study and investigation in order to understand what gaps or problems exist in party building, especially in organizational building. It is essential to grasp important points so that the adopted measures, systems, and methods are realistic and feasible. We should build and improve a decisionmaking mechanism combining leaders, experts, and members of the masses and gradually perfect a democratic decisionmaking system. In making decisions on major matters, we must persistently follow the mass line, give full scope to democracy, and extensively heed the opinions of people from various quarters.

Wu Bangguo stressed: In strengthening party building, leaders must perform their work. If the secretary of a

leading party group or party committee fails to take care of party building or to do a good job in this regard, it will be a most serious dereliction of duty on his part. Party organizations at all levels must consider party building as an important item on their agendas and do this work well. It is necessary to institute a target responsibility system for party building, under which there should be clear-cut requirements and concrete assurance measures for who is to accomplish what tasks at what time.

Wu Bangguo said: The metallurgical industry is a major pillar industry of our national economy. When a good job is done in the management and production of this major industry, it will constitute a strong support for the national economy as a whole. Comrades working in the metallurgical industry should unswervingly persist in undertaking economic construction as the central task, carry out party building around the economy, and promote the continuous development of the metallurgical industry. Metallurgical departments have made many useful explorations as to how to effectively carry out party building in enterprises under the new historical conditions brought about by reform, opening up, and modernization. The experiences gained and methods used by the Wuhan, Anshan, Baoshan, and Shoudu Iron and Steel Companies and other units in carrying out party building around the tasks of reform, production, and operations are very good. The metallurgical industry should further grasp party work as a whole and properly handle the relationship between reform and development and stability by strengthening and improving party building. It is essential to further deepen enterprise reform, to change the operating mechanisms of enterprises, to establish a modern enterprise system step by step, and to efficiently run large and medium-sized state-owned enterprises.

Minister of Metallurgical Industry Liu Qi chaired today's meeting.

### Chief Economist Interviewed on Economic Growth

HK0111145294 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1400 GMT 23 Oct 94

[By reporter Xia Rui (5135 3843): "What Do the 'Three Breakthroughs' Imply?"]

[FBIS Translated Text] The train of China's economy has entered the fourth quarter and the general situation of the economy for the whole year is clear. Economic circles here generally hold that there will be marked breakthroughs in the three main targets of regulation and control set at the beginning of this year: A 9 percent growth rate, a 10 percent rise in commodity prices, and a 1,300-billion-yuan investment scale.

What do the "three breakthroughs" imply? Will the achievements in regulation and control in 1994 be eclipsed by the "breakthroughs"?

During an interview by this reporter, Qiu Xiaohua, chief economist of the State Statistical Bureau, said: The

"three breakthroughs" do not imply the deterioration of the economic situation. In 1994, the economy in China has operated while major reforms are being carried out, the speed of development is high, and commodity prices are high. Amid the throes of high commodity prices, not only have many major reforms been smoothly pushed forward and rapid economic growth maintained, the rise in income levels of urban and rural residents is also 7 to 8 percentage points higher than the rise in commodity prices. Therefore, viewed from the whole, the economic reform, development, and people's livelihood in China have been quite stable in 1994.

Qiu Xiaohua said: In the coming two months, the situation of the economic operation in China in the past three quarters will continue, reforms will be carried out at a deeper level, and commodity prices will remain at a high level.

Viewed comprehensively from the economic situation of the whole year, said Qiu Xiaohua, the general operation is basically normal, there are problems in some parts, and the economy has not yet entered a benign cycle. He used "three gratifying things" and "three worries" to describe and comment on the achievements and shortcomings of the reform and development this year:

The first gratifying thing is: Major breakthroughs have been made in reforms in some fields. Major reforms in finance, taxation, foreign trade, bank services policies, and the grain purchase and marketing structure, which we wanted to carry out in past years, but did not, have been carried out one after another this year, and they are being carried out smoothly. They have initially created macroregulation and control systems for the establishment of a new socialist market economy structure.

The second gratifying thing is: New achievements have been made in macroregulation and control. The relationship of total social supply and demand is basically normal and the macroenvironment has become even more relaxed and comfortable. The increase in bank deposits has been much bigger than the increase in loans. The provision balance rate has exceeded 10 percent and there are plenty of funds. Foreign exchange reserves are about 50 percent higher than at the beginning of the year. Financial revenue has increased quite fast. The bottleneck constraints of undersupplied industries, such as the communications and power industries, have initially been eased. With the exception of a small number of agricultural products, which are in short supply but which are still available, the supply and demand of about 90 percent of consumer goods is in balance or supply exceeds demand.

The third gratifying thing is: The economy has grown rapidly. The GDP for the whole year may exceed 4,000 billion yuan, 11 to 12 percent higher than last year. It is indeed not easy to maintain such a high speed following growth of 13 percent in the previous two years. Besides, there has been no abrupt rise or fall.



The "three gratifying things" show the good results of macroregulation and control. The "worries" point directly at problems at deeper levels of China's economy.

The first worry is: The level of the rise in commodity prices in the market is high. It has exceeded the target of macroregulation and control and has also exceeded the speed of economic growth. The rise in retail commodity prices can hardly be maintained within the "safety line" of 10 percent.

The second worry is: The agricultural foundation remains weak and can hardly stand the attacks of natural disasters. The supply of some agricultural products is on the short side.

The third worry is: The mechanism of the survival of the fittest has not yet taken shape. Enterprises, state-owned enterprises in particular, have difficulties in operation and have suffered serious losses. Their products have been stockpiled. The problem of debts among them remains conspicuous.

Qiu Xiaohua said: Economic circles generally have the same view on problems in the current stage, but their views on the situation differ depending on how they look at the problems. As far as the problem of commodity prices, on which people's complaints have focused, is concerned, why have commodity prices continued to rise despite great efforts made by the government to curb the rise? According to Qiu Xiaohua, that commodity prices have remained at a high level at the current stage is partly reasonable and partly inevitable.

In the change from the old structure to the new, it is necessary to maintain high economic growth, to converge with the international economy, and to maintain social stability. Various targets condition one another and as one falls, another rises. To take into consideration various aspects, the only way is to look for a balancing point, and it is impossible to adopt a radical method to deal with commodity prices. As far as this is concerned, high commodity prices are inevitable "throes" in the course of major reforms and development.

With a backdrop of strengthening and improving macroregulation and control, China must swallow the bitter fruit of the overheated economy and excessive confusion of the previous stage. The tremendous pressure of demand caused by large growth in investment and large currency input in the past two years has changed into the tremendous pressure of costs. At present, 70 percent of the rise in commodity prices has been caused by costs.

Qiu Xiaohua said: The rise in commodity prices has become unavoidable and the crucial thing is to fix a limit which various sectors can bear. He said: 10 percent is a safety range which various sectors can bear at the current stage, 15 percent is the warning line, and 20 percent is the danger line.

Speaking about the next step to be taken in the state macropolicy, Qiu Xiaohua said: In the coming three to

five years, the government will implement a slack or tight regulation and control policy intermittently depending on the production situation of state-owned enterprises and the degree of rise in commodity prices.

### Statistics on Growth of Urban Economy

OW0111142494 Beijing XINHUA Domestic Service in Chinese 0822 GMT 31 Oct 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 31 Oct (XINHUA)—China's urban economy is fast developing amid a new round of reform and opening-up. According to the latest figures from the State Statistical Bureau, as of the end of 1993, the gross domestic product [GDP] of 570 Chinese cities reached 2.7422 trillion yuan, accounting for 87.38 percent of the national total.

According to statistics, of cities at prefectural level and above, 40 carried a GDP of over 20 billion yuan—an increase of 20 percent over the preceding year; their total GDP of 1.43493 trillion yuan represented 52.33 percent of all cities and 45.73 percent of the national total. These cities in their given order are: Shanghai, Beijing, Guangzhou, Tianjin, Suzhou, Wuxi, Shenzhen, Shenyang, Chongqing, Hangzhou, Qingdao, Chengdu, Yantai, Fushan, Nanjing, Weifang, Dalian, Wuhan, Yangzhou, Ningbo, Shijiazhuang, Jinan, Zibo, Tangshan, Daqing, Anshan, Nantong, Fuzhou, Zhaoqing, Weihai, Changzhou, Changchun, Quanzhou, Harbin, Xuzhou, Jining, Jiangmen, Xian, Shaoxing, and Zhengzhou. Of the above cities, Shanghai, Beijing, Guangzhou, and Tianjin each registered a GDP of over 50 billion yuan, with Suzhou, Wuxi, Shenzhen, and Shenyang over 40 billion yuan, respectively.

As shown by the statistics, the GDP of the following 20 cities hit the 20-billion-yuan mark for the first time: Shijiazhuang, Jinan, Zibo, Tangshan, Daqing, Anshan, Nantong, Quanzhou, Fuxhou, Zhaoqing, Weihai, Changzhou, Changchun, Harbin, Xuzhou, Jining, Jiangmen, Xian, Shaoxing, and Zhengzhou. Over 80 percent of these cities are scattered along the southeastern coastal area, primarily concentrated on the four main cities groups around the Bohai rim, Changjiang delta, South Fujian delta, and Zhujiang delta. Characteristically, these cities are: 1) Central cities with a well developed economy, culture, science and technology, that take full advantage of their comprehensive superiority for continuous economic enhancement through all-around development; 2) coastal open cities that take advantage of their preferential policies and geographical superiority for active development of an export-oriented economy; 3) resource and industry-based cities that make use of their rich natural resources and solid industrial foundation to develop production; and 4) cities that have succeeded in achieving urban-rural common prosperity through relatively fast development of town and township enterprises.

It has been learned that, in 1993, the number of cities at prefectural level and above with a per capita GDP exceeding 8,000 yuan reached 19 nationwide—10 more than in 1992. Karamay and Zhuhai topped the list with a per capita GDP exceeding 20,000 yuan; the rest in their given order are: Haikou, Shenzhen, Shiyao, Guangzhou, Fushan, Daqing, Shanghai, Wuxi, Panjin, Jiayuguan, Xiamen, Weihai, Suzhou, Dongguan, Beijing, Zhongshan, and Anshan.

### Commentator on Curbing Inflation

HK0211033694 Beijing ZHONGGUO ZHENQUAN  
BAO in Chinese 15 Sep 94 p 1

[Commentator Article: "Controlling Inflation Is a Major Economic Affair"]

[FBIS Translated Text] The issue of inflation currently cropping up in China's economic development has aroused the extensive concern of society. Taking the matter seriously, the central leadership has set controlling inflation as a principal task for the second half of this year as well as for a definite period in the future. Our persistent efforts to curb inflation are of vital importance to ensuring the smooth progress of China's comprehensive economic restructuring and stable and healthy growth of the national economy.

To effectively curb inflation we must first acquire a comprehensive and scientific understanding of the features and causes of the current inflation so that we can take earnest and powerful measures to bring it permanently under control.

China is currently engaged in structural change [tizhi zhuanxing 7555 0455 6567 6510], and various factors are contributing to inflation. Growth factors, structural factors, and institutional factors are all contributing to the emergence of this economic phenomenon.

First of all, growth inflation reflects an imbalance between overall supply and demand in society. The swelling general demand, especially the unduly large scale of investment in fixed assets, has led to an overheated economy. For example, it is due to the excessive expansion of fixed assets investment in the previous two years that latent inflationary pressure was released in the recent period.

Second, structural inflation has brought to light a number of contradictions in both the industrial and price structures. Still in the process of industrialization, China is currently under a dual economic structure. Generally speaking, the country's supplies of commodities and materials are not abundant; and the "bottleneck" effect of its economic life has made the supply of energy, raw and semi-finished materials, and communications and transportation very tight. Such a situation has impaired national economic growth as a whole and forced the prices of short-term products and services to go up.

Third, institutional inflation has given expression to a number of contradictions cropping up during the process under which the old economic structure is being replaced by a new one. On the one hand, price reform will lead to structural price rises within a certain period; on the other hand, the two-tier system can also lead to chaotic management and speculation to a certain extent. With the addition of an imperfect market structure and the inadequate transparency of market information, inaccurate economic predictions and uncertain factors will also cause price fluctuations every now and then.

The hazards brought to economic reform and development by inflation are obvious to all: Inflation will seriously distort market signals, hamper the market from playing its essential role in resource allocation, bring chaos to the economic order, increase the costs and risks of reform, and jeopardize the deepening of reform.

Inflation will not bring a substantive impetus to economic development. High economic growth at the cost of inflation is, in essence, an overheated economy, which will inevitably result in the distortion and waste of resource allocation, lead to drastic ups and downs in the economy, and bring harm to healthy economic growth.

Inflation will also produce an adverse impact on the redistribution of social income, worsen the present unfair social distribution, jeopardize the interests of the masses, entice certain people to engage in speculation, lead to ideological chaos, and impair political, economic, and social stability.

It is an extremely important task to resolutely bring inflation under control. During the past 15 years of reform, our government has gained quite a few good experiences in curbing inflation. At present, we should proceed in our work from our national conditions, draw on the experience of other countries in curbing inflation, and energetically explore new ways to bring inflation under control.

Accelerating efforts to replace the old economic structure with a new socialist market economic structure is a fundamental step to take in our bid to establish an effective and new anti-inflation mechanism. This year, the government has put into practice a series of major reform measures and carried out major structural reforms in the fields of finance and taxation, banking, and foreign exchange. The adoption of these reform measures not only represents an important step forward in establishing a new economic structure, but also provides a necessary system guarantee for curbing inflation. These reforms can help facilitate a rational allocation of resources, create conditions for enterprises to compete in the market on an equal footing, and enhance the central government's ability to exercise macroeconomic control and regulation; they are therefore, fundamentally speaking, beneficial to curbing inflation. This clearly shows that only through deepening reform can we provide anti-inflation policies with a new mechanism and a system guarantee.

To bring inflation under control, we must ensure the continuity of general policies. Policy continuity is manifested in three things: a determined attitude, steady and effective measures, and appropriate intensity. We should pay greater attention to making predictive analyses of future economic trends, try to fine-tune anti-inflation policies as early as possible, and avoid making major readjustments which can lead to drastic economic fluctuations. Anti-inflation measures are intended primarily to strengthen efficient management of the general demand, apply currency and financial policies in a rational way, and bring excessive social demand under control, including imposing strict control over both the scale of fixed assets investment and the unduly fast growth of consumption funds. Increasing market supply is also an important step in our effort to combat inflation. We should attach great importance to agriculture, for it is what China's economic stability is based on. At present, we should pay special attention to accelerating the pace of enterprise reform and eliminate inflationary pressure caused by the poor economic efficiency of state-owned enterprises as well as their inability to pay off debts. In addition, we should step up construction of the legal system, rectify the banking order and carry out reform of the circulation structure, maintain a sound market order, tighten supervision and control over prices, and try all we can to ensure that prices of people's daily necessities remain stable.

#### **People's Bank Official on Financial reform**

HK0111134694 Beijing XINHUA Hong Kong Service in Chinese 0549 GMT 4 Oct 94

[FBIS Translated Text] Beijing, 4 Oct (XINHUA)—In an interview with this reporter some days ago, Zhou Zhengqing, vice governor of the People's Bank of China, said that financial work at present and for some time to come will center closely around the primary objective of checking inflation. It is necessary to put the total amount of currency and credits under strict control, make flexible use of the funds currently held, help enterprises curtail the irrational use of funds, and strengthen financial supervision. The financial institutions at various levels should also enforce settlement discipline and resolutely curb the willful detention and return of bank drafts, which impede the flow of transmission.

The focus of financial reform in the next phase, Zhou added, is that a crucial step should be taken in the reform of commercial banks. While the state specialized banks further transform themselves into state-owned commercial banks, city cooperative banks should be organized on the basis of reorganizing the existing non-bank financial institutions and standardizing city credit unions. First, the "Management Regulations of City Cooperative Banks" will be formulated and then, following approval by the State Council, in accordance with the "Regulations," city cooperative banks will be set up in a planned and step-by-step way in large and medium-sized cities where conditions are ripe.

In reforming the central bank, said Zhou, it is at present necessary to do the following: First, the mode of regulation and control should be improved. Direct control of credit ceilings will be gradually transformed to indirect control measures, such as regulating interest rates and making public the market and deposit reserves. Second, financial supervision and administration will be strengthened. The central bank will, in accordance with the law, exercise administration and supervision over financial institutions, ensure healthy and orderly financial operation, and maintain a sound financial order. Third, financial legislation will be accelerated with a view to formulating and perfecting as quickly as possible a series of financial laws and regulations so that there is law to go by in financial supervision and administration and in the operation of financial institutions.

Since the beginning of the year China has put forth a number of financial reform measures. Zhou said that the current situation indicates that these reform measures have been operating smoothly and have received positive reactions from various quarters. In order to establish a powerful financial macroeconomic regulation and control system, the head office of the People's Bank of China has intensified its unified management of currency and credits. The macrofinancial supervision and monitoring is being gradually extended to money supply and the total amount of credits of all financial institutions. The State Development Bank, the Import and Export Bank of China, and the Agricultural Development Bank of China have been officially set up and have begun operation. In the course of changing into state-owned commercial banks, the specialized banks, in line with the reform requirement of exercising assets-liability ratio management under a credit ceiling, have further strengthened their internal management and risk management, and intensified unified allocation of funds within the system. Following the unification of the exchange rates for the renminbi at the beginning of the year, the value of the renminbi has remained basically stable, with a rising tendency. The interbank exchange market has been operating normally. By the end of August the exchange reserves of the country had increased by \$15.1 billion, or 71 percent.

A review of the process of development of China's financial industry, Zhou continued, shows that in the 45 years since the founding of the People's Republic, the position and function of the country's financial industry have undergone fundamental changes. The financial industry has become an important channel through which the state raises and distributes funds for production and construction as well as a major means for exercising macroeconomic regulation and control. At present China has more than 160,000 financial institutions of various kinds with total staff exceeding 2 million.

As regards the opening of the financial field, Zhou pointed out that China has been continuously opening its finance wider to the outside world. In the special



economic zones and open coastal cities foreign-funded and Sino-foreign joint-venture financial institutions have been introduced. So far China has 108 foreign-funded (joint-venture) financial business institutions as well as more than 370 representative offices and business offices.

Zhou said that while introducing into China foreign-funded financial institutions, the Chinese Government also encourages China-funded financial institutions to set up branches overseas and carry out financial business. To date, in addition to the Bank of China, the Industrial and Commercial Bank, the Agricultural Bank, the Bank of Construction, and the Bank of Communications have all set up branches or representative offices overseas. The international financial business of all these banks has been continuously developed. Moreover China is an official member of the World Bank, the IMF, the Asian Development Bank and the African Development Bank.

#### **'Experts' View 'Strong Position' of Renminbi**

HK0211070894 Beijing ZHONGGUO XINWEN SHE  
in English 1125 GMT 1 Nov 94

[FBIS Transcribed Text] Shanghai, November 1 (CNS)—As the renminbi is now in a strong position, the US dollar against the renminbi tends to show a steady downturn in the China foreign exchange swap centre here. Financial experts expressed their views on the trend of this currency at the turn of the year.

The head of the Shanghai branch of the Hong Kong and Shanghai Banking Corporation attributed a strong renminbi to three main reasons. First, China's foreign trade deficit was reduced to US\$100 million between last January and July, down from US\$10.6 billion last year. Second, the China market is highly treasured and foreign investment flows into the country on a long term basis. Third, the general public is convinced that the government is able to conduct a proper economic regulation.

Professor Chen Biaoru of the East China Normal University who enjoys high prestige in the academic world at home was convinced that foreign exchange reserves between last January and July grew by 70 percent to US\$14 billion. Revenue of foreign exchange outpaced expenditure which was considered the main reason for a strong renminbi. Inflationary pressure has to be taken into consideration when the trend for the foreign exchange market is forecast. Other factors have to be included in the forecast because the existing foreign currency and foreign currency quotas enjoyed by some enterprises are running out and trade deficit suffered by foreign-funded enterprises will require the use of foreign exchange reserves. He pointed out that evaluation of purchasing power was considered the criterion to judge the medium and long term trend of the exchange market. The scholar was convinced that the exchange market would not fluctuate to a great extent because the central

bank has ability to regulate the market even though the US dollar is likely to climb up against 8.7 yuan.

Expert from the Shanghai branch of the Bank of China Mr. Yang Lubang said in an interview that so long as the renminbi maintained its exchange rate at a range between 8.45 and 9 yuan against one US\$ dollar, it could be regarded as an initial success in the restructuring of the foreign exchange system. Mr. Yang added that actual input of foreign capital in the second half of this year was in decline to some extent while debt payment of US\$24.8 billion as interest and principal was necessary for China's expected foreign debt of over US\$100 billion this year. The exchange rate of the renminbi would go lower because foreign exchange was in rather great demand and the cost would go up for conversion of foreign currency mainly due to domestic inflation.

Sources from the Shanghai branch of the People's Bank of China said that the foreign exchange swap centre here saw transactions valued at some US\$20 billion since April 4 this year. Its trading price could represent to a great extent the real economic operation because of strict management of the centre.

#### **Audit of State-Owned Assets To Start in '95**

OW0211112294 Beijing XINHUA in English 1022  
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—China will next year start to make inventories of state-owned assets and re-examine state-held capital funds throughout the country.

Addressing a national conference held here today, Zhu Zhigang, deputy-director of the Administration of National Property, said that next year's check-up work will cover all domestic state-owned enterprises and institutions which practise the system of enterprise management.

Various kinds of financial companies and overseas enterprises funded by government will be also included.

As Zhu put it, in the check-up work, China will further implement the regulation on enterprise finance and the rule of enterprise accounting. The State Council will formulate some additional regulations.

China carried out a large-scale trial examination last year which covered more than 9,400 enterprises. This year the examination of state-owned assets has continued, with the coverage expanded to about 150,000 enterprises.

#### **Funds Allocated To Clear Bankrupt Enterprise Debts**

HK0211093494 Hong Kong MING PAO in Chinese 22  
Oct 94 p c1

[By special reporter Wu Dongjing (2976 2639 0079): "Central Authorities To Allocate 7 Billion Yuan to Write Off Debts Owed by Bankrupt State-Owned Enterprises This Year"]

[FBIS Translated Text] According to authoritative sources, in order to guarantee the smooth reform of state-owned enterprises, the State Council has decided to allocate 7 billion yuan this year to write off the unpaid debts incurred by state-owned enterprises which are going bankrupt. The amount of this fund next year will be determined by the financial condition of the state, but it will not be smaller than this year's.

Dealing with the debts borne by the loss-incurring enterprises is one of the great problems for the central authorities, and there is intense contention for the assets of the bankrupt enterprises. The banks, which were being turned into commercial banks, hoped that the assets of these enterprises would first be used to pay the debts that the enterprises incurred in order to reduce the banks' losses; but the local governments hoped that the funds from the auction of the enterprise's assets would be first used to arrange for the livelihood of the workers so as to reduce the social pressure on the local governments. Both sides had good grounds for their proposals, and they argued "loudly." This made the top decision-makers hesitate before making the final decision. They knew that the final settlement of the problem depended on money, however, they still resolutely decided to allocate 7 billion yuan to solve this problem although the Central Government was facing a large financial deficit. It is said that the top leadership was determined to reform the loss-incurring state-owned enterprises. According to the clear stipulation, the 7 billion yuan can only be used to write off the debts incurred by the bankrupt enterprises, and other state-owned enterprises cannot get a penny from the fund.

The authoritative sources pointed out: Although the central leadership was determined in reforming state-owned enterprises and allocated 7 billion yuan to write off the debts, it seemed that the amount was far from being adequate, as the state-owned enterprises now owe the banks over 100 billion yuan in debts. In particular, some enterprise leaders thought that the losses were caused by state policies, so they had good grounds to ask for allocations from the state. It was a common phenomenon that enterprises used bank loans to issue wages and bonuses to their workers, and they did not give serious consideration to the repayment of the loans. As a result, the debts just kept increasing, and this situation will continue for a certain period of time to come.

Over the past 10 years and more, China's economic strength increased considerably in the process of reform and opening up, but the shortage of funds continued to worry the reform leaders. When Zhao Ziyang was premier, because of the shortage of funds, he tried to sell all the smuggled cars confiscated in Hainan to get cash and set up a "reform fund." A source close to the top leading body said that Zhu Rongji took strong measures to control the local governments because he was also bothered by the shortage of money and tried to strengthen the financial resources of the central authorities in order to carry out reforms systematically and regularly.

The authoritative sources said: The reform of the loss-incurring state-owned enterprises has been discussed for many years, and only this year was certain substantial progress made. Next year will be a crucial juncture. Whether the reform will be smoothly carried out will depend on how much money the state will raise and allocate and whether the money will be used in the right place.

### **Bankrupt Enterprises To Close Despite Demonstrations**

HK0211033894 Hong Kong WEN WEI PO in Chinese  
29 Oct 94 p A3

[Report by reporter Yang Fan (2799 1581): "State Economic and Trade Commission Vice Minister Chen Qingtai Discloses Workers' Grievances Against Enterprise Bankruptcy But Pledges To Step Up Reform of State-Owned Enterprises"]

[FBIS Translated Text] Beijing, 28 Oct (WEN WEI PO)—Chen Qingtai, vice minister of the State Economic and Trade Commission, today said here to Chinese and foreign reporters that the three trial projects of reform of state-owned assets and state-owned enterprises are being diligently carried out and that a dozen of the required regulations are being drafted. He disclosed that more than 1,000 enterprises have gone bankrupt and that in 1995 and 1996 the effect [lidu 0500 1653] of enterprise bankruptcy will increase, and some transitional measures will be taken to settle the staff and workers.

He said that for a certain period to come, the emphasis on reform is to promote innovation of the enterprise system and to establish and perfect social support systems. In the reform of enterprises next year, three deep-level issues must be tackled: how to separate the duties of the government from the duties of enterprises, how to straighten out enterprise property relations, and how to improve enterprise operational mechanisms. The goal of reform of state-owned enterprises is to have an enterprise system and a framework of operational mechanisms in place by the end of the century that are suited to socialist market relations. He is fully confident that this will happen.

Chen Qingtai denied the alleged slowing down of the three trial projects (to have 18 cities clarify property and audit assets; to have 100 state-owned enterprises build a modern enterprise system; and to have the loss-incurring enterprises go bankrupt); he said that the trial projects are being diligently carried out, and that a great deal of work is now being done to draft some regulations to provide the trial projects with some rules to follow. He revealed that there are about a dozen of those regulations.

He told reporters that at present, the work in clarifying property and auditing assets in 18 cities is proceeding smoothly; the State Council has given approval in principle to the regulations on enterprise bankruptcy; and

regarding the building of a modern enterprise system by 100 state-owned enterprises, the State Council will hold a national meeting early next month to make arrangements.

He said that by the end of 1993 some 940 enterprises throughout the country had gone bankrupt, among which less than half were state-owned enterprises, and that up to now slightly more than 1,000 enterprises have gone bankrupt. In the course of bankruptcy, most enterprises were relatively stable, but in a small number of places and a small number of enterprises, staff and workers aired their grievances. For example, they went to the government departments to stage sit-ins and demonstrations. There are two reasons for the incidents: first, the staff and workers in state-owned enterprises were not mentally prepared; and second, the social insurance system has yet to be perfected.

Chen Qingtai said that implementing the bankruptcy mechanism in enterprises is a necessary condition for building a socialist market economy. Along with the deepening of the reform, the number of enterprises going bankrupt will certainly increase. To increase the effect of enterprise bankruptcy and properly handle the relations among reform, development, and stability, it is necessary to take some transitional measures to settle the staff and workers, so that their daily necessities are guaranteed. For example, let some staff and workers seek early retirement, give them severance pay and let them look for jobs themselves, or organize them for development of tertiary industries. He said that the government will control the degree of enterprise bankruptcy so that society can tolerate it.

When asked about the unemployment problem, he said that compared with the 120 million staff and workers in the country, the current unemployment rate of 2.4 percent does not reflect the real jobless situation, because the estimated surplus personnel in the state-owned enterprises—that is, the hidden unemployed—may reach 20 percent or more. He believes that when the social insurance system is improved, the number of unemployed will increase.

In the area of utilizing foreign funds to transform state-owned enterprises, Chen Qingtai said that the government's policy is to encourage this method, but different trades should have different practices. For example, in basic industries, if foreign capital is imported, the Chinese side should maintain the status of major shareholder; regarding certain special trades and enterprises, the government does not want joint ventures with foreign businessmen, but for a majority of enterprises, after being examined and securing approval, they may import funds and technology from foreign firms to transform themselves.

#### **Commentator Warns on Consequences of Tax Fraud**

HK3110123394 Beijing RENMIN RIBAO in Chinese  
28 Oct 94 p 1

[Commentator's article: "Sounding Another Alarm"]

[FBIS Translated Text] In order to maintain the socialist economic order and ensure the smooth progress of the country's tax system reform, judicial organs in several provinces and municipalities including Jiangsu, Zhejiang, Tianjin, Hubei, and so on have pronounced, in accordance with the law, judgment on five major cases involving the illegal activities of printing, selling, and issuing special value-added tax invoices and ordinary invoices, and capital punishment was meted out to the six criminals Hu Ming, Wang Zhen, Chen Ertou, Cui Wenrui, Deng Ge, and Li Shengli.

This is another alarm for criminal activities involving fake invoices. Readers may still remember that some three months ago, the judicial organ in Harbin severely punished Deng Yucai, Yu Min, Sui Guohua, and Wang Jiaqi according to the law for their crimes of stealing and selling a large number of value-added tax invoices, and the death sentence was handed down on the three late criminals. Apart from selling fake invoices, the criminals in the current case also illegally printed and issued invoices. This further reminds us of the vital importance of the invoice as a major commercial document in commodity trading, as legal evidence of accounting calculations for financial revenue and expenditure, and as an essential basis for tax calculation and collection as well as for auditing. In particular, under circumstances where the special value-added tax invoice may serve as a document for directly offsetting taxes, such criminal activities have become increasingly rampant. We must severely crack down on these activities as they have seriously disrupted the socialist economic order and directly jeopardize the state's tax reform.

This year, China has introduced many important reform measures in tax, finance, foreign exchange, foreign trade, investment, and so on, and the establishment of the turnover tax structure with the value-added tax as its main body is the core content of the tax system reform. In order to guarantee the smooth implementation of this major reform measure, it is necessary to take a firm control of the special value-added tax invoices and to make proper use of them. With regard to ordinary invoices and other important documents, serious attention should also be paid to their proper management and use. Any activity to counterfeit, sell, steal, illegally print, and issue fake invoices is against the law. We should fully understand its perniciousness and stand firm on this matter.

The above cases also remind us that in the course of building a socialist market economic structure, criminals of every hue will try to sabotage it by hook or by crook. In particular, when a major reform measure is introduced, they, blinded by lust for gain, will take the opportunity to make a reckless move to reap exorbitant profits. Therefore, we must crack down on them severely and unsparingly. The great cause of reform should not be sabotaged, nor should the interests of the state and people be infringed upon.



The socialist market economy is one built on the legal system and standardization. The more developed a market economy is the more necessary it is to intensify the legal system and to institute a legally standardized market system. We would like to advise those who are engaged in such activities to profoundly realize their errors from this alarm and to stop their criminal activities that bring calamity not only to the country and the people, but also to themselves in the end, or they will face the same destiny as the above criminals.

#### **'Amazing' Progress Claimed in IPR Protection**

*HK0211091794 Beijing XINHUA Hong Kong Service in Chinese 0229 GMT 29 Oct 94*

[Roundup by reporter Zhang Xuequan (1728 1331 0356): "China Makes Progress in Protecting Intellectual Property Rights"]

[FBIS Translated Text] Shanghai, 29 Oct (XINHUA)—In the wake of reform and opening up over the years, China has made good progress in the protection of intellectual property rights [IPR], an issue of world concern. The sense of intellectual property protection has been substantially heightened among the general public, a sound organizational system for intellectual property protection has taken shape both at the central and local levels, and the success achieved by China in protecting intellectual property rights is amazing.

Information released by a recent international symposium on IPR protection held in Shanghai shows that the system of IPR protection by legal means, which China developed, has taken shape within a short period and is being improved. The Trademark Law, the Copyright Law, the Regulations for Protection of Computer Software, and the Patent Law, after being revised, amended, and perfected, have now been adapted to international practices. China's Trademark Law was formulated on the basis of advanced standards. Chinese authorities now promote protection of the exclusive right to trademarks in light of a thorough study of the trademark systems practiced by developed countries and its own national conditions; and protection has already been extended to service trademarks, identifying trademarks, and collective trademarks. As far as the protection of the exclusive right to trademarks is concerned, China has intensified the means of law enforcement, and has taken stronger actions, meting out heavy penalties to criminal elements involved in extraordinarily serious cases of imitating registered trademarks that have caused extraordinarily bad consequences. This fully shows the rigidity of China's legal system and the country's firm determination to curb the crime of imitating registered trademarks. China's Patent Law officially came into effect in 1985. It was revised in the following two years or so; and the period of patent protection was extended, with the validity of patents for inventions extended to 20 years and that for the exterior designs of products

extended to 10 years. On the other hand, patent protection was extended to chemicals and medicines. Meanwhile, the patent for manufacturing methods was broadened to include products directly manufactured with the patented methods. More provisions were introduced to regulate the right of export, thus keeping China's patent protection standard in line with world trends.

To enhance IPR protection, China has established an appropriate organizational setup and contingent of capable professional personnel. More than 50 organizations in charge of patent affairs are now operating at the local level and 40 at the national level. There are more than 500 patent agencies and 63 patent documentation services across the country, and offices of the China Patent Bureau have been set up in Shanghai, Nanjing, Jinan, Changsha, Shenyang, and Chengdu. To promote copyright protection, copyright protection organizations like the Copyright Administration, the Music Copyright Association, and the China Copyright General Agency have been established. As for the protection of the exclusive right to trademarks, China has developed a quadruplex protection system comprising administrative protection provided by the organization in charge of patent affairs, judicial protection provided by judicial organs, self-protection by the registered trademark owner, and social protection for the consumer.

China has also made great progress in handling IPR disputes and fighting crime related to violations of intellectual property rights. The authorities have properly handled many practical cases of patent disputes by adopting effective measures. By the end of 1993, organizations in charge of patent affairs had handled some 2,200 patent dispute cases, resolving more than 1,700; law courts heard 1,900 patent dispute cases, resolving more than 1,500, including some involving foreign parties. Since the introduction of the Trademark Law in 1982, with the help of a closely-woven protection net, China has handled more than 100,000 cases of trademark infringement, most of which were discovered through market surveys. The death penalty was imposed on arch-convicts involved in extraordinarily serious cases, such as the production and sale of fake Maotai, fake Hongtashan Brand cigarettes, fake chemical fertilizer, and fake medicines. With regard to the protection of the exclusive right to trademarks, the authorities have been treating Chinese and foreign enterprises on an equal footing. (Juers) [ju er shu 1446 1422 5289], deputy director of the World Intellectual Property Organization, said in admiration of China's efforts: The world envies China for its success in trademark affairs.

Applicants from 70 countries and areas are applying for patent registration in China. Applications for patent registration from the United States and Japan have exceeded 10,000 each, while applications from Germany, France, the UK, Switzerland, the Netherlands, and Hong Kong have exceeded 2,000 each. By last September, the number of registered trademarks in China had increased to 450,000, compared with 33,000

in 1979. China now ranks among the top 10 countries in the number registered trademarks, and the number of foreign companies applying for trademark registration in China is increasing every month.

### **Circular Urges Crackdown on Cigarette Smuggling**

OW0211045994 Beijing XINHUA Domestic Service in Chinese 1037 GMT 31 Oct 94

[FBIS Translated Text] Beijing, 31 Oct (XINHUA)—With the approval of the State Council, the State Tobacco Monopoly Bureau, the Ministry of Public Security, the State Administration for Industry and Commerce, and the General Administration of Customs recently issued a "Circular Concerning Severely Cracking Down on Cigarette Smuggling and Consolidating Cigarette Markets." The full text is as follows:

To safeguard the interests of the state and consumers, to take further action to severely crack down on the illegal crime of smuggling cigarettes, consolidate cigarette markets and protect the legal right and benefit of national cigarette industry and business operators, a circular is hereby promulgated as follows:

1. Any enterprise, public institution, organization, social group, or individual who is engaged in smuggling cigarettes or illegally purchasing, transporting, or sending them through the postal service shall be severely punished in accordance with relevant laws and regulations.
2. Those who are engaged in smuggling cigarettes and whose activity constitutes a crime shall be transferred to the judicial organ for investigation of criminal responsibilities; the law-enforcement departments shall confiscate the smuggled goods and illegal incomes of those who are engaged in smuggling cigarettes, but whose activity does not constitute a crime. In addition, those who are engaged in smuggling cigarettes but whose activity does not constitute a crime can also be fined.
3. The transport of imported cigarettes across provinces (regions, and cities) inside the territory of the PRC requires a transport license issued by the State Tobacco Monopoly Bureau; the transport of such cigarettes inside a province (region, and city) must be accompanied by a transport license issued by a provincial tobacco monopoly bureau. Imported cigarettes not accompanied by a transport license (not including tobacco products under the supervision and control of customs) shall be confiscated by law-enforcement departments. In addition, people who are responsible for the case shall be fined and their transport tools shall be confiscated in accordance with the law.
4. Any units that sell legally imported cigarettes must have a special license for tobacco monopoly business enterprises issued by a tobacco monopoly department. Any units that sell cigarettes which were confiscated for being illegally imported must have a license for "special units dealing with cigarettes that were confiscated for

being illegally imported." Such a license shall be uniformly made and issued by the State Tobacco Monopoly Bureau, or by an authorized provincial tobacco monopoly bureau. The goods shall be purchased through the proper channels in accordance with the law. Unauthorized units and individuals shall have their illegal goods confiscated by law-enforcement departments and fined a sum of less than five times the value of such goods. If they are involved in a serious case, their business licenses can be canceled by an administration for industry and commerce.

5. Any enterprises, public institutions, organizations, social groups, or individuals who provide conveniences for storage, transport, or postal service in regard to smuggling and selling illegal cigarettes shall have their illegal incomes confiscated by law-enforcement departments and can be fined a sum of less than two times their illegal income. Those who do not have illegal incomes shall be fined in accordance with the seriousness of the case.

6. Illegally imported cigarettes confiscated by various law-enforcement departments shall be turned over to tobacco auctioneers established or authorized by the State Tobacco Monopoly Bureau. The tobacco auctioneers shall auction off these goods to units that have a (wholesale) license for "special units dealing with cigarettes that were confiscated for being illegally imported." Such units can only wholesale these goods to units that have a (retail) license for "special units dealing with cigarettes that were confiscated for being illegally imported." Any units that violate the abovementioned regulations shall have their goods confiscated and be fined a sum of less than three times the value of the goods. If they are involved in a serious case, their licenses can be canceled. Small amounts of illegally imported cigarettes that were confiscated from markets can be turned over to special business units authorized by local tobacco monopoly departments for sale. Cigarettes that were confiscated for being illegally imported shall be labeled "confiscated smuggled cigarettes" on each box and on each carton before they are auctioned or sold at wholesale or retail.

7. Any unit or individual who reports, exposes, and helps in the inspection of smuggling and the sale of illegal cigarettes shall be awarded in accordance with relevant regulations. Anyone who uses violence or threatening methods to resist and attack law-enforcement personnel who are investigating smuggling activities or inspecting the market shall be investigated for their criminal responsibilities according to the seriousness of the case, or punished in accordance with the "Regulations Governing Offenses Against Public Order of the PRC."

8. This circular shall be effective on the day of its promulgation.

**Drop in Chemical Fertilizer Imports**

HK2810143294 Beijing CEI Database in English 28 Oct 94

[FBIS Transcribed Text] Beijing (CEIS)—China's imports of chemical fertilizers went down by 9.6 percent to 6.43 million tons in the first eight months of 1994, after the big decline in 1993. However, the imports of chemical fertilizers are still estimated to reach 10-15 percent of the total demand in the country.

In recent years, the country's chemical fertilizer imports have moved down despite of the rising demand, since the domestic production capacity and output of chemical fertilizers are on the upgrade. The country's chemical fertilizer imports kept dropping and fell by 45 percent in 1993 to 10.21 million tons, which still accounted for 25 percent in terms of full chemical content of the total demand of 25.35 million tons.

Between January and August, the imports of urea amounted to 1.97 million tons, down 11.9 percent from the year-earlier period, potassium chloride 1.28 million tons, down seven percent, potassium sulfate 230,000 tons, down 46.8 percent, and compound fertilizer 2.43 million tons, down 4.6 percent.

The country's chemical fertilizers are mainly imported from the European communities, the commonwealth of independent states, North America, the middle east, Indonesia and South Korea.

According to a plan of the ministry of chemical industry, the country's chemical industry will focus on the development of chemical fertilizer projects, and in the following years, a large number of chemical fertilizer factories will be built and expanded in a drive to balance the supply and demand of chemical fertilizers by the end of this century. The country, therefore, will further reduce the import of chemical fertilizers in the next few years.

**Symposium Discusses Overseas Investments**

OW0111223994 Beijing XINHUA in English 1603 GMT 1 Nov 94

[FBIS Transcribed Text] Beijing, November 1 (XINHUA)—China has invested several billions U.S. dollars in over 10,000 enterprises overseas with a total fixed assets of over 2,000 billion yuan, according to an international symposium on state property management of enterprises overseas.

During the symposium, which was sponsored by the State Administration of State Property, the enterprises run by China out of the country deal with such businesses as foreign trade, property investment, information consultancy, financing and insurance, tourism, labor contract, technological development, culture, education and public health.

The symposium, which was participated by more than 80 Chinese and foreign experts and Chinese Government officials, touched upon such aspects as state property management overseas, the property rights of multinational corporations and put forward some suggestions for such work.

**Incomplete Supervision 'Caused Stock Fluctuation'**

OW0111140694 Beijing XINHUA in English 1331 GMT 1 Nov 94

[FBIS Transcribed Text] Shanghai, November 1 (XINHUA)—"Recent great fluctuations in Shanghai's stocks are due to the lack of a complete market supervision system, and what is needed is a series of measures to supervise stocks owned by directors and superintendents of listed companies."

The general manager of the Shanghai Stock Exchange Wei Wenyuan said this here today.

He added that the exchange, together with the China Stock Supervision Commission, will develop a computerized automatic tracing and monitoring system.

The exchange will monitor the transactions and cancel the licenses of those who make profits by using the media to spread false stock information.

Concerning the transaction of stocks owned by staff members of listed companies, Wei said that this is a problem left over from years ago, and these stocks will be reduced step by step.

According to a calculation made in March and April this year, such stocks on the Shanghai Stock Exchange had a total value of over one billion yuan. So far, the figure has been reduced to 200 million.

Wei also pointed out that the decision made by concerned government departments not to issue new stocks within this year does not mean that a stop will be put to the transactions of those already-issued new stocks and stocks owned by the staff of stock-issuing companies.

**Statistical Bureau Names Top Enterprises**

OW0111132794 Beijing XINHUA Domestic Service in Chinese 0540 GMT 31 Oct 94

[By reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 31 Oct (XINHUA)—The State Statistical Bureau recently released the names of the 10 best enterprises in profit earning and tax delivery in 17 energy, raw and semi-finished materials, and processing-related industries in 1993. The statistical material showed that while China's industrial production grew rapidly last year, the economic efficiency of industries related to energy, and raw and semi-finished materials showed a conspicuous increase. The total



volume of profit earning and tax delivery by the 10 best enterprises in the 17 industries was 50 percent more than that of the previous year.

According to a briefing, the enterprises topping each of the 17 industries were, namely, the Datong Mining Bureau, Daqing Petroleum Administrative Bureau, Huaxin Compound Materials Limited Company in Foshan City, Huabei Electric Power Group, China National Petrochemical Corporation's Qilu Petrochemical Company, Jilin Chemical Industrial Group, Shanghai Petrochemical Limited Stock Company, Shanghai Tyre Rubber Group Limited Stock Company, Fotao Group Limited Stock Company in Guangdong, Baoshan Group, China Great Hall Aluminum Company, Shanghai Mint, Construction Industry Group Company, Shanghai Automobile Industry Corporation, Northeast Power Transmission Equipment Group Company, Shanghai Bell Telephone Equipment Manufacturing Limited Company, and Chunlan Group.

The statistical material showed that according to the ranking of the bureau's statistical data in the two categories of sales revenue and total volume of profits and taxes in the three years from 1991 to 1993, three enterprises—Datong Mining Bureau, Shanghai Petrochemical Limited Stock Company, and Shanghai Tyre Rubber Group Limited Stock Company—topped other enterprises in their respective industries in both categories. The Chunlan Group was top among enterprises of the industry in the total volume of profits and taxes for three years in a row; while eight enterprises—Huadong Electric Power Group, China National Petrochemical Corporation's Yanshan Petrochemical Company in Beijing, Jilin Chemical Industrial Group, China Yaohua Glass Group, Shanghai Paper Mill, Anshan Iron and Steel Group, Jiangxi Copper Corporation, and China First Tractor Mechanical Engineering Group—led their respective industries in sales revenue for the three years.

It is understood that based on industrial breakdowns of the 10 best enterprises, the building materials and other nonmetallic mineral products industries saw the biggest aggregate increase in the total volume of profits and taxes, which went as high as 236 percent. The energy industry, as the forerunner, also showed remarkable growth, with an over 170 percent increase in the total volume of profits and taxes by the Pingdingshan Mining Bureau and Yanzhou Mining Bureau, the two industry pace-setters. The Shenglin Petroleum Administrative Bureau and Huainan Mining Bureau, two previously deficit-ridden enterprises, netted a total of 400 million and 170 million yuan respectively, in profits and taxes, becoming the major profit-earning enterprises of their respective industries. Amidst the fierce competition of a market economy, a number of longstanding enterprises famous for their brand-name products, including the Huiling Automobile Group Company, Guangdong Gas Equipment Development Limited Company, Yizheng Chemical Fiber Limited Stock Company, Dalian Petrochemical Company, Dongfeng Automobiles Company,

and China Heavy-Duty Automobiles Group Company, scored further achievements and continued to stand out among enterprises in their respective industries.

### Engineering Industry Adjusts to Market

OW0211041694 Beijing XINHUA Domestic Service in Chinese 0320 GMT 31 Oct 94

[By reporter Zou Qingli (6760 3237 7787)]

[FBIS Translated Text] Beijing, 31 Oct (XINHUA)—Leading the way into market competition a decade ago, China's engineering industry has been able to adjust its development according to market requirements, to diversify its products with ever-improving quality, and to basically meet demands—in both quantity and quality—for industrial equipment brought about by China's rapid industrial development. Currently, about 85 percent of China's basic industrial equipment is manufactured by its own engineering enterprises.

It has been noted that China started to narrow its mandatory production plan on small engineering products as early as 1978, lowering the engineering industry's mandatory production targets from over 150 broad categories to the present day's power-generating equipment and some automobiles. Rapidly developing according to market demands, China's engineering industry enjoyed an average annual growth rate of more than 14 percent—one of China's fastest developing industries. The industry's total production value for 1993 was 6.3 times that of the early 1980's, raising its proportion of the national industrial production value another six percent to 25 percent, with some important industrial equipment leading the world in terms of production volume. Currently, China's annual production volume of 15 million kw of power-generating equipment is a world leader, with the annual production value of machine tools up from \$475 million a decade ago, to \$1.753 billion, ranking fifth in the world.

The engineering industry, which has introduced over 2,000 advanced foreign technologies in various forms in the past decade, is leading other industries in China in using wide-ranging technologies. Coupled with the achievements of China's own research and development, of the new products developed by the engineering industry, currently over 90 percent have reached the early 1980's level and above, with more than 50 percent reaching levels of the mid and late 1980's, and even the 1990's. The wide application of high-efficiency, high-precision manufacturing techniques and equipment, and crucial technologies in the engineering industry has laid the foundation for producing very functional industrial equipment. Products such as electric drilling machines, 1900 slab casters, and synthetic ammonia installation, respectively developed for the petroleum, metallurgical, and petrochemical industries, have all reached the advanced international level.

**Conference Reports Notarization Work Development***OW0111140494 Beijing XINHUA in English 1330 GMT 1 Nov 94*

[FBIS Transcribed Text] Nanjing, November 1 (XINHUA)—Chinese notarization agencies have helped foil 33,644 cases of illegal economic activities in the past four years, saving direct economic losses estimated at 45.06 billion yuan (5.17 billion U.S. dollars).

This was revealed at the third national notarization work conference, which ended here today.

The conference participants were told that China's notarization system has been steadily improved and the notarization industry is booming.

Conference sources said that notarization plays a significant role in China's newly-flourishing market economy areas, including real estate and securities.

The sources said that Shanghai, Tianjin and Beijing, and Guangdong, Jiangsu and Shandong Provinces have emerged as vanguards in the field of notarization.

Nationwide, finance-related notarization alone totaled 620,000 cases last year, up 50 percent over the preceding year, statistics show.

By the end of last year China had registered more than 16,000 public notaries, 51.1 percent of whom have an educational background of no less than two years in college, compared with only 35.5 percent in 1990.

Starting last year, Chinese notarization agencies have been experimenting with the reform of transforming themselves from administrative bodies to economic undertakings, and at least 44 of them have so far completed the process.

Officials said that a legal framework for notarization has been set up in China, citing the fact that the Ministry of Justice has in the past four years formulated a number of laws and regulations to beef up macro-management of notarization.

In co-operation with other relevant departments, the ministry has also issued ten documents to standardize the notarization of bank loan contracts, real estate registration and copyright violation investigation.

The officials added that some provincial and municipal people's congresses and local governments have drawn up matching regulations of their own as regards notarization.

They said that notarization has helped bolster economic ties between China and other countries and regions, and greatly benefited the country's market economy drive.

**New Government Policy Causes Nightclub Failures***OW0111134594 Beijing XINHUA in English 1306 GMT 1 Nov 94*

[FBIS Transcribed Text] Beijing, November 1 (XINHUA)—Luxurious night clubs, places full of amusing

attractions to many rich people in the past two years, are now experiencing a slump as China has determined to stop government-funded consumption.

Two out of ten existing night clubs across the country have closed or been merged since early this year, of which are luxurious ones, according to the Ministry of Culture.

China's entertainment service sector has grown rapidly since 1992, with the number of night clubs and other entertainment centers leaping to 200,000 by 1993.

A luxurious night club may charge customers 800 yuan to 1,000 yuan, twice an ordinary Chinese worker's monthly income, just for the use of a karaoke TV room for an evening, excluding other service fees. After a while newly rich people would flock to such places to show off. Others, usually with public funds, also went there for entertainment.

Rough statistics from the Ministry of Culture show that government-funded consumption has accounted for 60 percent of the total income of night clubs and song and dance centers two years. Many government institutions and enterprises took their guests to luxurious night clubs, and even enterprises in the red hosted their visitors there.

But a recent investigation indicates that government-funded consumption has dropped sharply since early this year.

"In the past, six or seven out of ten customers here would demand bills for their expense accounts before they left, but now few people do so," said the manager of a luxurious night club in Jinan, capital of east China's Shandong Province.

A manager of a top-class night club in Suzhou, a tourist city in east China's Jiangsu Province, complained that his club is now losing money as many of its regular customers have dropped out because of the prohibition on government-funded consumption.

"They would not come even if I offered ten percent to 20 percent off the price," he said.

The new rich, usually owners of self-run enterprises, are now showing less interest in spending money like water in night clubs, a life style some of them worshipped before.

Showing off was popular two years ago among the newly rich in Shishi, a coastal city in east China's Fujian Province where non-governmental enterprises have boomed since China's reforms and opening up started.

Private business owners used to compete with one another buying baskets of fresh flowers for singers they liked, just to show off their wealth.

That was once a catalytic promoter of flower prices. A basket of flowers, which used to cost 200 yuan to 300 yuan, can hardly fetch five yuan today.

A private business owner, who once spent 40,000 yuan on flower baskets for a singer during her performance one evening, expressed regret when he recalled his ridiculous behavior two years ago.

"How silly I was then," said the man, "my business would have been even better if I had used that money for expansion."

Private business owners are learning to make better use of their money now since there are fewer and fewer opportunities for speculation as China shifts to a more ordered and legalized economy, sociologists say.

Half of the luxurious night clubs in Shishi are losing money, and 100 song and dance halls have closed in Quanzhou, 20 percent of the city's total number.

### Optical Fiber Link Planned for Hubei, Sichuan

OW0211083394 Beijing XINHUA in English 0755  
GMT 2 Nov 94

[FBIS Transcribed Text] Chongqing, November 2 (XINHUA)—Construction of an optical fiber cable running from Wuhan, capital of Hubei Province, to Chongqing in Sichuan Province, is proceeding well.

The 1,245.8-km cable is one of China's key capital construction projects in the 1991-1995 period. It will cost a total of 345 million yuan.

The cable will have a combined capacity of 350,000 lines upon completion in March next year.

It will be extended to Chengdu, capital of Sichuan Province, and Guiyang, capital of Guizhou Province, in the west and Nanjing, capital of Jiangsu Province, in the east, to join 22 trunk cables in the country to form a long-distance telecommunications network.

### State Invests in Former Revolutionary Areas

OW0111142994 Beijing XINHUA in English 1412  
GMT 1 Nov 94

[FBIS Transcribed Text] Xian, November 1 (XINHUA)—The input of nearly 750 million yuan (about 86 million U.S. dollars) in state investment in the past 15 years has greatly benefited the 33 counties in Yanan and Yulin, two prefectures in northwest China's Shaanxi Province.

Statistics show that the per capita annual grain output of the two prefectures, which were among China's best-known revolutionary bases before 1949, has risen from 150 kg in 1978 to nearly 500 kg and per capita annual income has soared from a mere 48 yuan to 580 yuan during the period.

The combined industrial output value of the two prefectures rocketed some tenfold to top 3.2 billion yuan last year, about 50 percent of the year's total industrial and agricultural output value.

The two prefectures have, over the past 15 years, improved the quality of 173,000 ha of farmland, afforested an area of 1.73 million ha and planted grass on some 466,600 ha of land, according to statistics.

The prefectures have also curbed water erosion on an area of 30,000 sq km and stalled desert movement and encroachment on an area of 466,600 ha.

Such efforts have helped boost the local green coverage rate from 11 percent to 36 percent and greatly improved the local ecological conditions, officials said.

Meanwhile, the two prefectures have used locally-collected funds to lay 18,500 km of electric wires powered at six-to-ten kv [as received], making electricity available to all towns and townships.

They have also built and upgraded some 2,500 water diversion and supply works, which have eliminated water shortages that had plagued 400,000 local residents in the past.

Officials said the two prefectures' four main industries—tobacco raising and processing, fruit, sheep-raising and potatoes, fed the local coffers to the tune of 2.16 billion yuan last year, which equaled 70 percent of the year's total agricultural output value and supplied 60 percent of the farmers' per capita annual net income.

### Dairy Industry Reported 'Booming'

OW0211105894 Beijing XINHUA in English 0843  
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—Dairying has been booming in China, with output up and products diversified, according to the newspaper "ECONOMIC INFORMATION".

In 1993 China had 3.42 million head of dairy cattle, which produced 5.64 million tons of fresh milk, a 4.8-fold increase compared to the 1978 figure.

The number of dairy processing enterprises reached 600 in 1993, turning out a total of 418,000 tons of dairy products, 8.9 times that in 1978, the newspaper reported.

With an average growth rate of 20 percent over the past decade, dairy production in the country began to grow at an even faster speed in the latter half of last year. The momentum is expected to continue for the rest of this year and into the first half of 1995, it said.

China has also paid great attention to improving the quality of dairy products. Now the country is referring to the international standards in fixing standards for its own products



At the same time the variety of the dairy products has been diversified. Apart from traditional whole milk powder and de-fatted milk powder, such new products as baby milk powder, milk powder for the aged, high-protein milk powder, tonic milk powder and fruit milk powder have appeared.

A large number of backbone dairy production bases and enterprises have sprung up across the country, mainly in the provinces of Heilongjiang, Zhejiang and Hebei, and the Inner Mongolia Autonomous Region. Heilongjiang in northeast China has become the largest dairy products base in the country, the newspaper said.

## East Region

### Jiangsu Secretary Discusses Party Building

OW0211062394 Nanjing XINHUA RIBAO in Chinese  
20 Oct 94 p 1

[Unattributed report: "Study and Implement the Guidelines of the Fourth Plenary Session of the 14th CPC Central Committee and Earnestly Strengthen Party Building"]

[FBIS Translated Text] From 17 to 19 October, the Eighth Jiangsu Provincial CPC Committee held its Ninth Enlarged Plenary Session. The meeting conveyed to the attendees the documents of the Fourth Plenary Session of the 14th CPC Central Committee, and the attendees studied those documents. The meeting also made arrangements for Jiangsu's party building in accordance with the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee.

On behalf of the Standing Committee of the provincial party committee, provincial party Secretary Chen Huanyou delivered an important speech on studying and implementing the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee and strengthening Jiangsu's party building work. The meeting adopted a "decision on studying and implementing the 'decision' of the Fourth Plenary Session of the 14th CPC Central Committee."

The attendees included members and alternate members of the provincial party committee; members of the provincial Discipline Inspection Commission; the responsible comrades with CPC membership of the provincial people's congress Standing Committee, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference [CPPCC]; and the principal responsible comrades with CPC membership of all cities, provincial departments, and organizations directly under the provincial authorities. The meeting was chaired by comrades of the Standing Committee of the provincial party committee. Present at the meeting and seated on the rostrum were Chen Huanyou, secretary of the provincial party committee; Zheng Silin and Cao Keming, deputy secretaries of the provincial party committee; and members of the Standing Committee of the provincial party committee Hu Fuming, Gu Hao, Xu Zhonglin, Zheng Bingqing, Ji Yunshi, and Wang Xialin. Responsible comrades of the provincial people's congress Standing Committee with CPC membership, the provincial government, and the provincial CPPCC Committee who were present included Shen Daren, Sun Han, Gao Dezheng, Zhang Yaohua, Wu Xijun, Wang Minsheng, Yang Xiaotang, Jiang Yongrong, Wang Rongbing, Duan Xushen, and Sha Renlin.

Chen Huanyou pointed out in his speech: The "Decision Concerning Some Major Issues on Strengthening Party Building" adopted by the Fourth Plenary Session of the

14th CPC Central Committee was made under the guidance of Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's theory on building a socialism with Chinese characteristics. It has pooled the wisdom of the whole party, upheld and enhanced our historical experience of party building, summed up the new experience of party building during the new period, expounded the new circumstances and new tasks of party building, and unequivocally pointed out the important guiding principles and the objectives and tasks of strengthening party building. It is a programmatic document for guiding our efforts to strengthen party building during the new period. Party organizations at all levels should seriously have the party members, particularly the cadres at and above the county level, study the "decision," thoroughly comprehend its major contents and ideological essence, and clearly understand the major tasks and measures, as well as guiding principles for party building put forward by the "decision." The study should enable us to unify our understanding of the new circumstances and new tasks of party building, unify our understanding of the guiding principles and objectives of party building in the new situation of reform and opening up, unify our understanding that the party should strictly manage itself and its members, and unify our understanding of the necessity to uphold and perfect democratic centralism, strengthen and improve the building of grass-roots organizations, and train and select leading cadres with both ability and political integrity. Leading cadres should take the lead in studying. The party committees at all levels should pay attention to the three major tasks put forward in the "decision," make concrete arrangements for the party building work in light of local reality, and ensure the implementation of the guidelines of the "decision."

Chen Huanyou emphasized: Democratic centralism is not only the concrete realization of Marxist theory of knowledge and the mass line in party life and organization, but it is also the party's basic organizational and leadership system. To uphold and perfect democratic centralism under the new socialist market economic situation, it is necessary to single out the following four issues for solution: First, to step up education on democratic centralism to enhance understanding on its major and far-reaching significance from the perspective of the future and fate of both the party and the state. Second, to strengthen system construction, which is more fundamental, comprehensive, stable, and long-term in nature. On the basis of summing up experience, we should formulate work regulations for party committees at various levels with a view to further defining the scope of responsibility for both party committees and their standing committees, including business-transaction rules and decisionmaking procedures. It is necessary to gradually improve and perfect various systems on democratic and scientific decisionmaking and attach greater importance to integrating healthy collective leadership with work-sharing responsibility in leading bodies. Members of leading bodies should emphasize party

interest; stress party spirit and overall situation; have more consultations, telecommunications, and exchanges when encountering problems; and promote mutual trust, support, understanding, and respect to strengthen solidarity. Third, to voluntarily safeguard the party leadership and tighten party discipline. Individuals should submit to organization, the minority to the majority, the subordinate to the superior, and the whole party to the Central Committee. Of the "four submissions," the most important one is the submission of the whole party to the Central Committee—the most fundamental organizational discipline within the party and the basic prerequisite in maintaining centralized party unification. All party members must resolutely defend the authority of the party's Central Committee with Comrade Jiang Zemin as the core to ensure full implementation of the Central Committee's policy decisions in Jiangsu. Party members, whether they are leaders in state organs, enterprises, or institutions, should not forget that they are party cadres, and as such, they should enhance party concept, accept and defend party leadership, and guarantee implementation of the party's principles, policies, and major decisions. Fourth, to fully arouse and maintain the enthusiasm and creativity of the grass roots by encouraging grass-roots organizations to take local conditions into consideration in carrying out their work voluntarily and creatively, amid firm implementation of the Central Committee's principles and policies.

After emphasizing correct adherence to guiding principles in strengthening and improving grass-roots party organization, Chen Huanyou put forward demands to improve party organization in rural areas, enterprises, and schools. To improve rural grass-root party organization, a well-run village party branch is important. This can be achieved by building a good branch leadership and identifying a development strategy adaptable to local conditions to boost economic strength. Currently backward village branches should beef themselves up within two to three years. As success in strengthening rural grass-roots party organization lies in county party committees, their performance will serve as an important criterion in evaluating the work of county party committees and that of their secretaries.

State-owned enterprises must persist in bringing into play the role of party organizations as the political core, vigorously conduct explorations during practice, and gradually improve the enterprise leadership system as well as the party's work. It is necessary to continue to pay attention to successfully building party organizations in various new economic organizations. It is necessary to adhere to the president (dean) responsibility system under the leadership of party committees at colleges and universities, and beef up the strength of leaders of party organizations. Regarding the grass-roots party organizations at organs, enterprises, institutions, and in neighborhoods, they must improve self-construction in light of their respective characteristics and recruit more party members to continuously inject fresh blood into the party by improving the recruitment of party members in

the forefront of production and work in line with the principles of adhering to standards, guaranteeing quality, improving structure, and carefully promoting development. In compliance with the requirements of the "decision," beginning now and within a period of three years, all our party members must study the theory on building socialism with Chinese characteristics, as well as the party constitution, in a bid to comprehensively improve the ideological quality and political integrity of the broad masses of party members.

Chen Huanyou pointed out: The fact that the Fourth Plenary Session of 14th CPC Central Committee raised the training and selection of leading cadres with both ability and political integrity by treating it as a major issue that has a bearing on the overall situation has a very important practical significance, as well as profound historical significance. We certainly must approach the issue from a strategic viewpoint and vigorously train and select leading cadres who have both ability and political integrity. On the one hand, we must comprehensively improve the quality of existing leading cadres. First of all, we must enhance their political integrity. The key to our effort in this respect lies in arming their minds with Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics to enhance the consciousness of leading cadres at all levels and their steadfastness in implementing the party's basic line and to enable them to maintain a high degree of unity with the party Central Committee in politics, and to stand the test of various trials. It is necessary for us to firmly bear in mind the purpose of wholeheartedly serving the people and to always maintain and develop flesh-and-blood ties with the masses of the people. Every year, leading cadres of the party and government at and above the county level must spend at least two months going down to the grass-roots units to immerse themselves with the masses and to help them solve difficulties and dispel worries. Next, we must raise the level of leadership. Leading cadres at all levels must conscientiously enhance their sense of responsibility and urgency. They are required to study not only theories, but the knowledge about a market economy as well as modern science and technology, so as to become experts that assume leadership over a socialist market economy as soon as possible. On the other hand, we must pay close attention to vigorously training and selecting excellent young cadres. We must correctly follow the principles of "making the ranks of cadres more revolutionary, younger in average age, better educated, and professionally more competent" and promoting leading cadres who have both ability and political integrity in an all-round way; do away with such outmoded concepts as giving top priority only to seniority in the selection of cadres, finding faults with people to demand perfection, and giving excessive accommodation to certain people; broaden our horizons; and select able people without overemphasizing qualifications. We must adhere to the principle of the party having control over cadres. In our selection of cadres, we must appraise them by their



practical achievements, comprehensive quality, and potential for development. We must adhere to standards and appoint cadres according to their political integrity and ability. We must have our eyes on the 21st century; study in earnest the law of growth for party and government cadres; adopt various forms to boldly let young cadres learn, explore, temper themselves, and make improvements through practice.

Chen Huanyou emphatically pointed out: The party's efforts to build ideology, party organizations, and party style complement each other and are integral to one another. At present, focusing attention on strengthening the building of party organizations does not mean, in the slightest degree, the party can relax its efforts in building ideology and party style. While paying close attention to doing a good job of building party organizations, which is a conspicuous link of our endeavors, we must continue to place the party's building of ideology top on the agenda and conscientiously organize the broad masses of party members to study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics. We must conscientiously observe the principle of integrating theory with practice; integrate theoretical study with the solution of ideological problems, the improvement of understanding, and with the actual condition of work at each area, department, and unit; firmly keep in mind that the theory on building socialism with Chinese characteristics occupies a position that provides guidance to us; and enhance our consciousness of and steadfastness in implementing the party's basic line. It is necessary for us to continue our unremitting efforts to build a good party style as well as a clean and honest government by focusing attention on the leading bodies of the party and government, judicial departments, administrative law-enforcement departments, and economic management departments and on leading cadres at and above the county and department levels. We must continue to pay close attention to successfully conducting education in honesty and self-discipline; make vigorous efforts to investigate major cases; continue to pay close attention to dealing with special cases of public security; and persist in addressing the problem of comprehensive management of public security by looking into both its root cause and symptoms.

Finally, Chen Huanyou called on all areas to follow the guidance provided by the Fourth Plenary Session of the 14th CPC Central Committee, organically integrate party building with economic work and various other tasks, and make overall arrangements and unified plans. He said: It is necessary to successfully carry out the current economic work in a down-to-earth manner. Regarding agricultural production, we must focus attention on autumn sowing, grain and cotton purchases, and construction of water conservancy facilities. Regarding industrial production, we must continue to keep up a certain growth rate. So long as there is a market for industrial products and as long as they can produce

economic benefits, we must accelerate industrial production wherever possible. If conditions do not exist temporarily in certain industrial sectors for us to accelerate their production, we must make efforts to create conditions for gradually accelerating their development. We must further promote reform and opening up. We must continue to successfully improve the few major reform measures which have been implemented, bring about their convergence with existing systems and mechanisms, and consolidate and develop the achievements we have scored so far. We must continue to successfully maintain social stability and build spiritual civilization by taking effective measures to stabilize commodity prices, the market, and public feeling. We must continue to successfully organize the struggle for concentrated management of public security in both urban and rural areas; crack down on serious crimes; and make an all-out effort to maintain public security as well as social stability. We must conscientiously improve propaganda and ideological work, adhere to the correct orientation for public opinion, and pay close attention to successfully increasing the output of intellectual products. Party organizations at all levels in Jiangsu Province must further mobilize the broad masses of communists, cadres, and the people; unite them as one; carry out work in a down-to-earth manner; and greet the convocation of the ninth party congress in Jiangsu with new achievements in the implementation of reform, opening up, and modernization.

#### Jiangsu Governor on CPC Plenum Guidelines

OW0211000694 Nanjing Jiangsu People's Radio  
Network in Mandarin 2300 GMT 31 Oct 94

[From the "Provincial News Hookup" program]

[FBIS Translated Text] The 15th Enlarged Chairmanship Meeting of the Seventh Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] was held yesterday [31 October]. Chen Huanyou, secretary of the provincial party committee, was present at the meeting to relay the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, and to report on progress and tentative plans made by the provincial party committee to implement the plenary session's guidelines. Members of the provincial CPPCC committee in Nanjing attended the meeting as observers.

Chen Huanyou said: The Fourth Plenary Session of the 14th CPC Central Committee is an important meeting that has overall and long-term implications. Earnest efforts to implement the plenary session's guidelines are of great significance to consolidating party building on all fronts in the new situation, to consolidating the governing party's position, to improving the art of leadership, and to attaining the objectives of struggle set out by the 14th National Party Congress and the Third Plenary Session of the 14th CPC Central Committee.

Chen Huanyou outlined the gist of opinions adopted by the Ninth Plenary Session of the Eighth Jiangsu Provincial CPC Committee on studying and implementing the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee and on further strengthening party building.

Lastly, Chen Huanyou hoped that provincial CPPCC committees at all levels would study and implement the plenary session's guidelines. He said: The CPPCC shoulders the heavy responsibility of conducting political consultation, performing democratic supervision, and participating in and discussing government and political affairs. I hope you all will proceed from the vantage points of whether our country will grow stronger or decline and of national prosperity to understand profoundly the importance of implementing the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, and deeply grasp the essence of the plenary session's guidelines.

Sun Han, chairman of the provincial CPPCC committee, chaired the meeting. He urged the provincial CPPCC committee to study and implement the plenary session's guidelines.

#### Shandong Cracks Counterfeit Banknotes Case

SK0211054294 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 1 Nov 94

[FBIS Translated Text] The transportation and economic court of Jinan railway bureau concluded a serious case on selling and trafficking in counterfeit banknotes on 1 November. Fifteen criminals, including (Tian Jia), were respectively sentenced to life imprisonment or fixed-term imprisonment in line with the law.

Beginning from November 1992, in a period of more than one year, this criminal ring, made up of 14 peasants and one cadre, committed crimes by forming factions or acted alone and successively sold and trafficked in counterfeit banknotes totalling more than 160,000 yuan in five provinces and one autonomous prefecture across the country.

#### Shandong Governor Promoted to New Position

OW0111145194 Beijing XINHUA in English 1432 GMT 1 Nov 94

[FBIS Transcribed Text] Beijing, November 1 (XINHUA)—Zhao Zhihao, governor of east China's Shandong Province, was appointed secretary of Shandong Provincial Committee of Communist Party of China (CPC), according to a decision by the CPC Central Committee.

The position had been held by Jiang Chunyun, who was added to the Secretariat of the CPC Central Committee at the Fourth Plenary Session of the 14th Party Central Committee late September. Jiang is also a member of the political bureau of the CPC Central Committee.

### Central-South Region

#### Guangdong Leaders Address Education Conference

HK0111140394 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 1 Nov 94

[FBIS Translated Text] The provincial party committee and the people's government today jointly held an education work conference in the provincial party committee's auditorium. The conference was mainly convened to study and map out the province's education development goals and tasks; study ways and means of attaining those goals and fulfilling those tasks; and mobilize the people in the province to build Guangdong into a province with advanced education.

Comrade Lu Zhonghe, provincial party committee standing committee member and provincial vice governor, presided over today's conference at which Comrade Xie Fei, CPC Central Committee Political Bureau member and provincial party committee secretary, and Comrade Zhu Senlin, provincial party committee deputy secretary and provincial governor, delivered important speeches respectively.

In his speech, Comrade Xie Fei stated: The province's education development goals are as follows: To eradicate illiteracy on the part of the young and middle-aged people; universalize a nine-year compulsory education system; make the total number of college students account for 1.26 percent of the province's population; gradually render the province's education scale, level, and structure commensurate with the province's economic and social growth; establish a multi-level, multi-form, and multi-channel education system funded and managed by the people with the government's support as the mainstay; and build Guangdong into a province with advanced education before the end of 2000.

In order to attain these goals, Comrade Xie Fei put forth the following four views:

1. It is necessary to make unreserved efforts to build education as an infrastructural project;
2. It is necessary to develop and improve education through constant reforms;
3. It is necessary to build a competent contingent of teachers, for this is the key to education development;
4. It is necessary to strengthen leadership over education development.

On behalf of the provincial party committee and people's government, Comrade Zhu Senlin comprehensively summed up and arranged for the province's education work at the conference.

#### Henan Cracks Down on Economic Crimes

OW0111132394 Beijing XINHUA Domestic Service in Chinese 2110 GMT 31 Oct 94

[By correspondents Li Gaofeng (2621 7559 1496) and Liu Can (0491 3503)]

[FBIS Translated Text] Zhengzhou, 1 Nov (XINHUA)—Public security organs in Henan Province have stepped up the effort to crack down on economic crimes while harshly striking at criminal offenders. In the first 10 months of this year, they cracked a total of 1,217 cases of various economic crimes, including 894 cases related to economic fraud; 48, to profiteering and smuggling of cultural relics and gold; and 285, to manufacturing and trading of fake goods; thereby recovering 45.84 million yuan in economic losses for the state, collectives, and individuals.

Since the beginning of this year, public security organs at all levels in Henan have consistently tackled economic cases as an important task in fighting crime. They coordinated efforts in launching powerful and efficient drives to crack down on economic crimes that were seriously impeding or undermining reform, opening up, and economic construction. Leaders personally took charge of investigating new major economic criminal cases, and exerted every effort to swiftly complete investigations. Public security organs in Kaifeng, Shangqiu, and Nanyang coordinated with procuratorial departments in cracking four cases involving inferior quality cotton, completing investigations in a relatively short period of time.

While severely striking at economic criminal activities, public security organs elsewhere in Henan adopted measures in light of realities in each locality to launch special drives to effectively crack down on economic crimes particular to that locality. For examples, in view of rampant manufacturing and trading of fake goods in Zhoukou Prefecture, the local public security organ launched a special drive to coordinate the efforts of various quarters to crack down on the crime. Nanyang Prefecture conducted a special drive to crack down on illegal digging, speculation, and smuggling of dinosaur egg fossils. The public security organ of Xixia County alone cracked 48 such cases.

While fighting economic crimes, the Henan Provincial Public Security Department has continually improved systems for handling economic criminal cases, and worked out clear-cut regulations concerning procedures for public security organs to accept criminal cases and to place them on files for investigation, for imposing penalties on offenders, and for recovering illicit monies and goods. Meanwhile, in view of violations of regulations in handling criminal cases by some localities, the provincial public security department has earnestly rectified such violations to ensure that the nature of crime is determined correctly and each case is tried according to legal procedures, thereby facilitating the smooth and healthy development of public security organs' efforts to crack down on economic crimes.

### Southwest Region

#### Tibet Government Adjusts Speed of Economic Growth

OW0211065994 Beijing XINHUA in English 0631 GMT 2 Nov 94

[FBIS Transcribed Text] Lhasa, November 2 (XINHUA)—The Government of the Tibet Autonomous

Region has adjusted its economic growth to an annual speed of ten percent to catch up with interior parts of the country.

A regional official said this was another adjustment since last year, when the region revised its annual economic growth from the annual speed of 5.8 percent to eight percent.

To accomplish the objective, Tibet has encouraged people in the major river valleys to grow grain while planting trees and growing fruits and vegetables; people in the semi-farming and semi-pastoral areas to expand the proportion of livestock breeding so as to be self-sufficient in grain, meat and milk; those in pastoral areas to concentrate on domestic animal breeding and processing to supply more meat and butter to other parts of the region; and those in forest and border areas to develop forest products and border trade.

In addition, the regional government has stressed overall agricultural development, acceleration of the study and popularization of agro-technology, and diversified economy so as to increase the income of farmers and herdsmen.

#### Yunnan Secretary Addresses Party Plenum

HK0211092694 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 12 Oct 94

[FBIS Translated Text] At the Fifth Plenary Session of the Fifth Yunnan Provincial CPC Committee today, Provincial Party Secretary Pu Chaozhu gave, on behalf of the provincial committee, a report entitled "Conscientiously Implement the Gist of the Fourth Plenary Session of the 14th CPC Central Committee and Concentrate on Accomplishing Party Building."

Deputy Provincial Party Secretary Liang Jinquan presided over today's meeting. Pu Chaozhu's report was divided into five parts. Pu Chaozhu said when talking about the situation and task of the party building work faced by our province that Yunnan has scored great achievements in the party building since reform and opening up, particularly over the past five years. These achievements are largely marked by, first, educating and arming the whole party with the theory of building socialism with Chinese characteristics to make much headway in ideological and theoretical building; second, strengthening the leading body to upgrade the overall quality of the cadre contingent; third, attaching importance to grass-roots party organs to enhance party members' exemplary vanguard role; and fourth, upholding the ideological line of seeking truth from facts to gradually restore and carry forward the party's fine tradition.

Pu Chaozhu said: While fully affirming the achievements in and the main trend of party building in our province, we must also take notice of gaps and problems in the work and conscientiously solve them in the future. We must have a better understanding of the significance



and urgency of accomplishing party building in accordance with Comrade Deng Xiaoping's ideas on party building and the gist of the Fourth Plenary Session, and concentrate on accomplishing party building around the center of economic construction.

Pu Chaozhu said when talking about the issue of strengthening party ideological and theoretical construction: As far as the party's ideological and theoretical construction is concerned, we must continue to conscientiously implement various tasks in arming people with scientific theories laid down by the provincial party committee's and the provincial government's Decision on Strengthening the Propaganda and Ideological Work. Viewed from Yunnan's actual conditions, we must pay attention to the work in two main aspects. First, we must further deepen our understanding in this respect and take greater initiative to study the theory of building socialism with Chinese characteristics; and second, in studying the theory of building socialism with Chinese characteristics, we must advocate a style of study that combines theory with practice and make great efforts to apply it in an integrative manner. We must settle five major issues through the study. The first is the ideological line of seeking truth from facts; the second is the ideal of communism and socialist beliefs; the third is the aim of serving the people wholeheartedly; the fourth is the organizational principle of democratic centralism; and the fifth is Marxist concepts of democracy and religion.

Pu Chaozhu said when talking about upholding and perfecting democratic centralism to enable the party to become a more united and competent entity: As stressed by the Fourth Plenary Session, democratic centralism is our party's fundamental system of organization and leadership. The provincial party committee considers that at present, party organs at all levels must settle five major issues while bringing key principles of democratic centralism into effect. Efforts must be made to, first, enhance party spirit; second, carry forward the style of criticism and self-criticism to properly grasp the powerful weapons of dealing with inner-party conflict; third, select and train party and government heads to properly give play to their role in collective leadership; fourth, systematize and standardize democratic centralism to bring into play the protective role of the system; and fifth, consolidate the mechanism of supervision to ensure the implementation of democratic centralism.

Pu Chaozhu said when talking about the issue of striving to improve grass-roots party organs' combat effectiveness by taking measures against weak links: Grass-roots party organs are the party's fighting force in grass-roots social bodies as well as the basis of all the work and combat effectiveness of the party. Hence, party committees at all levels must attach great importance to the building of grass-roots party organs and solve the following problems. First, we must deepen our understanding in this respect and strengthen our leadership over building grass-roots party organs; second, we must

further straighten out the guiding ideology of building grass-roots party organs and genuinely develop leading bodies of grass-roots party organs into the party's nucleus and fighting force at the grass roots; third, we must strengthen the work of recruiting party members from the youth and the forefront of production; and fourth, we must enhance the education and administration of party members to fully upgrade their quality.

Comrade Pu Chaozhu said when talking about the issue of conscientiously enhancing the building of leading bodies by focusing on the selection and training of trans-century cadres: According to the gist of the Fourth Plenary Session, we must lay stress on the following points when efforts are made, in light of our province's conditions, to conscientiously enhance the building of leading bodies and to select and train a large group of middle-aged and young leading cadres. First, leading cadres at all levels must set store by and enhance their world outlook; second, it is necessary to conduct investigation and study by penetrating practical circumstances and to foster initiative in light of actual conditions and doing things in a down-to-earth manner while combating bureaucracy and formalism; third, it is necessary to forge closer links between the party and the masses, pay attention to building an honest and industrious government, and resolutely get rid of negative and corrupt phenomena; fourth, it is necessary to vigorously select and training middle-aged and young cadres; and fifth, it is necessary to further intensify the reform of the cadre personnel system.

In conclusion, Comrade Pu Chaozhu said: Amidst the present great transformation triggered by reform, opening up, and modernization, our party is undertaking a glorious and important historical task. Let us rally closely round the CPC Central Committee with Comrade Jiang Zemin at the core, devote our energies, under the guidance of the spirit of the Fourth Plenary Session and in accordance with the requirements of the Decision, to build party organs at all levels throughout our province into a powerful fighting force, and rally and lead the people of various nationalities in the struggle for early fulfillment of the magnificent second-stage strategic goal.

Deputy Provincial Party Secretary Lin Huan, Provincial Party Committee Standing Committee members Li Jiating, Zhang Baosan, Meng Jirao, Wang Tianxi, (Yu Jie), (Sun Gan), and (Jiang Jianqiang) attended today's meeting and were seated on the rostrum. Members and alternate members of the provincial party committee attended the meeting. Party members and leading comrades of the provincial people's congress, the provincial government, and the provincial CPPCC committee, members of the provincial commission for discipline inspection, secretaries of party committees and commissions for discipline inspection of various prefectures, autonomous prefectures, and cities, and party secretaries of various departments, commissions, offices, and bureaus directly under the provincial authorities, of

mass organizations, colleges and universities, and large enterprises and institutions, as well as former veteran leaders of the provincial party committee, were also present at the meeting.

#### **Yunnan's Pu Chaozhu Inspects Party Work**

*HK0211091994 Kunming Yunnan People's Radio  
Network in Mandarin 1000 GMT 23 Oct 94*

[FBIS Translated Text] While recently investigating the conditions of the rural grass-roots party organizations in Chenggong County, Pu Chaozhu, secretary of the provincial party committee, pointed out: We should mainly see two points to judge whether a party branch can play a role as a fighting bastion. First, there should be a set of economic development plans in keeping with the local conditions; the party branch can lead the masses to do hard work for the fulfillment of the plans. Second, a number of new party members are recruited from among young activists working in the forefront of production, so fresh blood can be added to the party and its rank and file can become stronger.

Shortly after the end of the Fifth Plenary Session of the Fifth Provincial CPC Committee, Comrade Pu Chaozhu came to Chenggong County to inspect work. He listened to the report by the responsible comrades of the county party committee about the county's economic development and party building. He then went to the office of Xiaxichong and the office of Xiakele, and talked with comrades of the two party branches on the work of the party branches.

Comrade Pu Chaozhu said: At present, a major task for party committees at all levels is to conscientiously arrange the relay, study, and implementation of the spirit of the Fourth Plenary Session of the 14th CPC Central Committee, strengthen party building according to the provincial party committee's relevant instructions and in connection with their local conditions, arm the whole party with the theory of building socialism with Chinese characteristics, consolidate the system of democratic centralism, enhance the fighting effectiveness of grass-roots party organizations, give better training to young cadres, and consolidate the leading bodies at all levels.

When talking about the need to strengthen the role of the rural grass-roots party organizations as strong fighting bastions, Pu Chaozhu stressed: The party branches should emancipate their minds, seek truth from facts, adopt feasible measures according to local conditions, formulate a correct program for economic development, and lead the masses to strive for realization of the development plan. Only with the development of the productive forces and growth of collective economic strength and with the improvement of people's livelihood will the masses trust the party organizations and the party branches have a rallying and fighting force capable of mobilizing the masses. In addition, it is necessary to recruit new party members among young activists, enterprise managerial personnel, technicians,

and village cadres. This is a pressing matter of the moment for strengthening party organizations. Those working in the forefront of production who are able to lead the masses to develop the economy and have good relations with the masses should be admitted into the party so that the party organizations will have fresh blood and the rank and file of the party can continue to grow. This is the foundation for the grass-roots party organizations to play a role as fighting bastions.

Comrade Pu Chaozhu also called on a number of peasant families, cordially inquired of them about their living conditions and production conditions, and encouraged them to work hard to get rich. Meng Jirao, standing committee member and organization department director of the provincial party committee, also went to Chenggong to make investigations and studies.

#### **Northwest Region**

#### **Gansu Governor Addresses Executive Meeting**

*HK0211094594 Lanzhou Gansu People's Radio  
Network in Mandarin 2300 GMT 1 Nov 94*

[FBIS Translated Text] The 15th provincial people's government executive meeting was convened and presided over by provincial Governor Zhang Wule yesterday afternoon. Yesterday's executive meeting discussed and adopted "The Gansu Province Interim Regulations on Product Quality Supervision and Management" and "The Gansu Province Telecommunication Management Regulations." Both regulations were to be submitted for examination and approval to the provincial people's congress standing committee before being put into effect.

Yesterday's executive meeting also discussed and decided to abrogate a total of eight fees across the province, signalling the province's fifth attempt to this end. The executive meeting stated: The formulation and revision of the two aforementioned provincial regulations are essential to clearly defining responsibilities for maintaining product quality and ensuring unblocked telecommunication.

The eight fees to be abrogated in the province are as follows:

1. Residence examination and approval fee;
2. Fallopian tube reconnection fee;
3. School sanitation fee;
4. Vehicle washing fee for vehicles using the highways;
5. Business license transfer fee;
6. Business license management fee;
7. Trademark printing and visa fee;
8. Administrative service fee on rural residents migrating to urban areas.

The province has abrogated a total of 163 fees in five batches since last year.

Yesterday afternoon's executive meeting was attended by provincial vice Governors Chen Qilin, Guo Kun, and Cui Zhenghua as well as persons in charge of the various departments concerned.

### **Qinghai Holds Telephone Meeting on Crime Crackdown**

*HK3110113894 Xining Qinghai People's Radio Network in Mandarin 2300 GMT 27 Oct 94*

[FBIS Translated Excerpt] On the afternoon of 26 October, the provincial Public Security Department held a province-wide telephone meeting on the results of the severe crackdown on crime. The meeting relayed the instructions of the national meeting on severe crackdowns on crime, reported on the progress of severe crackdowns on crime in the previous period, and arranged the work for the next period.

The meeting pointed out: Since September the severe crackdown has proceeded smoothly and yielded noteworthy results due to the efforts of public security institutions and personnel. This year important and particularly serious cases have been unearthed, a number of criminal gangs have been destroyed, and a number of criminals have been arrested, thus boosting the masses' morale.

The meeting pointed out that certain achievements have been made in the severe crackdown on crime, but development of this combat still lacks balance. The meeting asked localities to strengthen their leadership and to focus on cracking major cases and tracking fugitives. Major cases that have done great harm and had serious impact must be cracked promptly. [passage omitted]

To expand the results of the severe crackdown on crime, the meeting hoped that localities will strengthen their propaganda work and mobilize the masses to join this combat. [passage omitted]

### **Shaanxi-Gansu-Ningxia Basin Increases Gas Reserves**

*OW2810154594 Beijing XINHUA in English 1459 GMT 28 Oct 94*

[FBIS Transcribed Text] Beijing, October 28 (XINHUA)—The proven natural gas reserves in the Shaanxi-Gansu-Ningxia basin have increased to more than 200 billion cubic meters, thanks to expanded exploration by the Changqing Oil Prospecting Bureau.

This makes the gas field the biggest one in China, and one of the 115 biggest gas fields in the world, according to experts.

The gas field spans across Shaanxi Province and the Inner Mongolia Autonomous Region, with an area of some 4,000 square kilometers. It has the [words indistinct] desert in the north and the loess plateau in the south, complicated in geological conditions.

A large scaled prospecting for gas in this basin started in 1988. A series of high-yield gas wells have since been drilled.

In order to speed up exploration, the Changqing Oil Prospecting Bureau applied new technologies and advanced equipment and formed a set of unique methods suited to the geological features. About 56 percent of the exploration wells have been successful, experts said.

The natural gas is easy to be purified, ideal for the chemical industry.

The experts with the Changqing Oil Prospecting Bureau are working out a complete development plan for an orderly use of the reserves.

The plan, said the experts, shows the annual production capacity of three billion cubic meters of natural gas by the end of 1997 and its transmission to Beijing, Xian and Yingchuan, capitals of Shaanxi and Gansu Provinces respectively.

The construction of a long-distance gas pipeline linking the field and Beijing is being surveyed, they added.

The bureau is trying to extend its exploration for gas and oil to the whole of the Shaanxi-Gansu-Ningxia basin in order to raise the proven gas reserves to more than 300 billion cubic meters and to eventually establish an annual production capacity of five billion cubic meters of natural gas by the turn of the century.

### **Uyur Lays Cable for Europe Telecommunication Link**

*OW2910135994 Beijing XINHUA in English 1235 GMT 29 Oct 94*

[FBIS Transcribed Text] Urumqi, October 29 (XINHUA)—China has completed the laying of cable for the last of China section of the long Eurasian telecommunications trunk line.

The section starts from Urumqi to Yining city in the Xinjiang Uyur Autonomous Region, about 816.53 kilometers long. It is expected to be put into use in March next year.

The trunk line starts from east China's Shanghai and ends in Frankfurt in Germany, totaling 21,000 kilometers and cutting across 14 countries in Asia and Europe.

One third of the line, about 7,000 kilometers, is located in China and is divided into three sections. The construction of the former two sections were completed not long ago.

### **New Energy Production Base in Xinjiang**

*OW3110082894 Beijing XINHUA in English 0647 GMT 31 Oct 94*

[FBIS Transcribed Text] Beijing, October 31 (XINHUA)—Northwest China's Xinjiang Uyur Autonomous Region has been proved to have large reserves of



oil, natural gas and coal, making it an important energy producer in China, according to the latest issue of the CHINESE GEOLOGY AND MINERALS NEWS.

The paper said that the region is expected to produce 12 million tons of crude oil this year, 17 million tons in 1995, and 34 million tons in the year 2000.

Last year the crude oil output of the region was 10.4 million tons.

Meanwhile, the region has also been proved to have six large coal mines with total reserves of ten billion tons.

The coal production was over 23 million tons in 1993, and is expected to exceed 24 million tons this year.

The region plans to produce 35 million tons of coal in 2000.

In September this year oil workers brought into production a high-yield oil well in the region's Tarim Basin.

So far, the region has discovered nine oilfields and another 34 oil-bearing strata in the Tarim Basin. Five of the oilfields have started production or trial production, with a total annual output of 2.1 million tons.

Some seven new oilfields have been found in the Junggar Basin, which produced a total of 7.63 million tons of crude oil last year, a record year for the oilfield.

### Hong Kong

#### CMC To Exercise 'Direct Command' of Hong Kong Garrison

HK0211041994 Hong Kong HONGKONG STANDARD in English 2 Nov 94 p 1

[By Cary Huang]

[FBIS Transcribed Text] People's Liberation Army (PLA) troops to be stationed in Hong Kong after 1997 will be placed under the direct command of China's Central Military Commission (CMC) chairman Jiang Zemin, it was revealed in a recent military meeting.

Also announced during the meeting was the decision to put the garrison in the future Special Administrative Region (SAR) directly under the CMC.

It was also disclosed that the PLA would be called in to crack down on dissidents and help maintain law and order if Hong Kong's stability was under serious threat from hostile forces at home or abroad. However, such a decision would be made by the CMC upon the request of the SAR government.

Mr Jiang, who is also Communist Party general secretary and state president, announced the decisions in a meeting with central and local government officials and generals to discuss matters concerning the PLA's stationing in the future SAR. The meeting was held in June in Zhuhai.

The decision to put the Hong Kong garrison directly under the CMC was meant to ensure it functioned effectively and paved the way for co-operation among various military and government departments needed to support the army's operation in the territory, Chinese sources quoted Mr Jiang as saying during the closed-door meeting.

Beijing has also decided to give the SAR garrison the status of a provincial military region or army, which, according to China's military hierarchy, usually falls under the direct command of PLA general staff headquarters and the Military Area Command.

It was previously believed that the Hong Kong garrison would fall under the direct command of the Guangzhou Military Area [name as published] Command.

The original decision was turned down by senior central party officials and generals in the CMC with support from paramount leader Deng Xiaoping, who considered the Hong Kong garrison would play a much more important role than other provincial military regions and thus, need more logistic support from coastal Guangdong cities.

"By putting the SAR garrison directly under the command of the CMC and its chairman, Mr Jiang, who is also head of the state and the party, the garrison will be directly under the top leadership," a military analyst

said. However, Beijing has decided that the SAR garrison will belong to the local armed force, not the field army.

In China, the PLA's local armed forces are permanently stationed in a specific region or city for defence purposes and under the command of the provincial military region.

The field armies are directly under the command of the CMC and would be dispatched from place to place to implement strategic orders for both defensive and offensive purposes given by the CMC, the analyst said.

In the meeting, Mr Jiang said Guangdong would spare no effort to assist the central government and the army headquarters for the preparatory work leading to China's reclaiming sovereignty over Hong Kong and Macao in 1997 and 1999, respectively.

#### Royal Navy Vacates Base in Central District

HK0211050394 Hong Kong SOUTH CHINA MORNING POST in English 2 Nov 94 p 3

[By Paul Lamond, Andy Gilbert, and David Wallen in London]

[FBIS Transcribed Text] Two of the three Royal Navy patrol vessels put up for sale by the British Government yesterday could remain in Hong Kong after the Chinese takeover.

The Hong Kong Government, which already owns 75 percent of the three Peacock class ships, has not ruled out stepping in as the buyer should the British Government be unable to find a taker.

The Republic of Ireland is said to be interested in buying at least one of the 13-year-old vessels. A British forces source in Hong Kong said the head of the Irish Navy, Commodore John Kavanagh, inspected the Peacock, Plover and Starling during a private visit to the territory last week. "He expressed great satisfaction with the two they already own, so they are certainly interested," the source said.

But with many navies round the world being scaled down following the end of the Cold War, sources in London are not optimistic that a good price can be found.

"It seems it is a buyers' market out there at the moment," a senior naval source said. "Lots of ships of this size are available."

Britain paid 25 percent and Hong Kong 75 percent of the purchase price for each of the five specially commissioned Peacock class ships in 1981—Hong Kong paying about \$110 million for each.

Two of the ships—HMS Swift and HMS Swallow—were subsequently sold to Ireland in 1988 for about half the price, with 75 percent of the sale price reverting to Hong Kong's coffers.

Should the British find a buyer for the three ships, Hong Kong would pocket 75 percent of the sale price. But with a glut in the market, Hong Kong itself may have to step in. The Government admitted yesterday it was considering retaining the use of the ships after 1997 by buying the 25 percent residual share of their value from the Ministry of Defence in London.

"The decision will depend on whether there will continue to be a valid role for vessels of this size and type and on both the short and long-term costs," a spokesman said.

However, Marine Police regional commander Anthony Ferrige said his department had looked at retaining the ships, but had decided against doing so.

"We don't know what the Royal Navy intends for the ships, but we looked at them some time ago and have no plans for them," he said.

The vessels yesterday became the last ships to berth at Victoria Basin at the Prince of Wales Barracks in Central after it was handed over to the Hong Kong Government as part of the Central-Wan Chai reclamation.

The head of the Anti-Smuggling Taskforce, Norrie MacKillop, said although the ships were an asset, they were not fundamental to the work of the group.

"While they are here we are grateful to make use of them, but we often work without them," he said.

Designed especially for Hong Kong waters, the 763-tonne vessels are of steel and aluminium construction and have the ability to withstand typhoon conditions. They were used mainly for anti-smuggling operations and to contain illegal immigration.

Their armament comprises a single 76 mm Oto Melara gun, four 7.62 machine-guns and two-inch rocket launchers. High-definition radar, direction-finding equipment, echo sounder and gyro compass form part of the navigation equipment, with satellite navigation and long-range radio allowing distant sea capability. Two diesel engines power them to a speed of more than 25 knots.

#### Lu Ping Meets Hong Kong Delegation in Beijing

OW0211113194 Beijing XINHUA in English 1115  
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, met with a delegation from the Liberal Democratic Federation of Hong Kong headed by its Chairman F.K. Hu here today.

The two sides exchanged views on issues concerning the transitional period of Hong Kong.

The Hong Kong Liberal Democratic Federation is a political organization mainly composed of public figures

in Hong Kong business circles. The delegation arrived here yesterday as guest of Lu's office.

#### Article on 'Mass Departure' of Civil Servants

HK0211050694 Hong Kong SOUTH CHINA  
MORNING POST in English 2 Nov 94 p 9

[By Fanny Wong]

[FBIS Transcribed Text] The British administration of Hong Kong is planning to deal with the nightmare of a mass departure in the next two years of the staff required to keep the territory moving.

Senior officials said the administration was still unclear about the extent of the problem as many people might indicate their willingness to remain, but have decided to keep their options open.

A SOUTH CHINA MORNING POST study into the age profile of senior staff in various government branches and departments revealed that in a number of key departments, most senior staff are already reaching the age of 50 or will be about to reach 50 by 1997.

Some other departments' senior staff are predominately expatriates, with many on contract terms—a situation considered as potentially destabilising.

"Next year will be a very interesting year," said an official. "I believe we will begin to have a better feel of things will look after 1997. Once we get through 1996, the picture will merge."

He said that officers within retirement age only needed to give six months' notice before leaving.

But signs of people retiring early are emerging.

In the first five months of this financial year, the number of early retirees has already exceeded the total number of early departures recorded for the whole of the last financial year.

As part of its contingency plan, the Government is actively looking for young talent to be groomed for senior positions.

Officials also did not rule out the possibility of recruiting from outside the civil service to fill any gaps.

"We always have an open mind to this option whenever it is appropriate," said an official, but he stressed that the priority was to look at candidates within the department and then within the service before resorting to outside sources.

A study of the Government's 1993 staff list released earlier this year revealed that the risk departments were spread over a wide spectrum.

They include the Civil Aviation Department, the Education Department, the Marine Department, the Housing Department, the Social Welfare Department.



the Environmental Protection Department, the Fire Services Department, the Immigration Department, the Inland Revenue Department, the Flying Services Department, the Legal Department and the handful of works departments.

Among the general grades, there are also large numbers of senior executive officers who are expatriates or locals reaching the age of 50 before 1997.

The executive officers provide the essential backup for making and implementing policy decisions and are assigned to work in a wide range of policy branches and departments.

About 20 percent of the civil service's elite grade, the 400-odd administrative officers who fill almost all of the key and strategic positions in the Government, are expatriates.

Almost all of these expat administrative officers belong to the Association of Members of Her Majesty's Overseas Civil Service (HMOCS) and, because of a loss of sovereignty protection, are entitled to retire before 1997 regardless of their age.

They will take with them lump sum compensation in excess of \$1 million [Hong Kong dollars] each.

The Secretary for Civil Service, Michael Sze Cho-cheung, recently warned that there might be a serious succession gap in one or two departments as officers opted to retire early.

Mr Sze's remarks were seen by many insiders as an understatement of the potential problem, as the mood and morale within the civil service were considered to be deteriorating.

Senior staff considered Mr Sze's mild statement was aimed at avoiding being alarmist. But the danger, according to officials, could be reflected by a relatively large number of officers who have yet to decide on which pension scheme they would opt for.

Under the Government's old pension scheme, officers reaching the age of 50 can effectively retire early without having prior approval by the administration.

At present, between 3,000 and 4,000 officers have already opted to stay in the old pension scheme while another 41,200 have yet to make up their minds.

Those who have opted for the new pension scheme totalled 79,200 while another 48,600 who joined the service after July 1, 1987, are automatically on the new pension scheme, which allows staff to retire early only at the age of 55.

Statistics provided by the Civil Service Branch revealed that in the first five months of this financial year, 493 officers had retired early, representing an increase of about 87 percent over the same period last year.

The total number of early retirees for the whole of the last financial year was only 543, which was comparable to 582 and 542 in the 1992/93 and 1991/92 years respectively.

In the past few years, early retirees accounted for between 17 per cent and 23 percent of total retirement cases. In the current financial year, the percentage has soared to 28 percent.

This is despite the fact that resignations have gone down steadily over the past few years, from 5,740 in 1991/92 to 3,836 in 1993/94. The tally for the first five months of this financial year stood at 1,405, down by 177 from 1,582 for the same period last year.

An official said officers did have an option and some who were not sure about the impact of the 1997 hand-over could opt for the old pension scheme and retire early.

The official said that in some departments progression to the directorate grades, ranging from assistant directors to heads of department, was by a gradual process and that had made planning more difficult.

"The challenge is, in the event people who are keeping their options open retire early, to see whether they are replaceable. It is important that you train up young people.

"Those who are under 40 are going to be the future directorate. We've got a trend to broaden their experience by cross-posting, that is posting the departmental officers to the Government Secretariat for a few months for management training," the official said.

"This is sensible management planning. What's vitally important is that people at lower levels who have got the adequate experience and exposure can replace directors, deputy directors or assistant directors."

A good head of department could get some feel for how things might look in three or four years' time, the official said.

He said while locals were more concerned about political changes, expatriates were worried about the impact of the pace of localisation on them.

Among the highest risk departments are the police force, the Legal Department and the Flying Services Department.

The Legal Department has the majority of expatriate officers, ranking from the Attorney-General to Deputy Principal Crown Counsel working on contract terms.

The Flying Services Department has expatriates in all 12 officer positions.

Of the 62 senior staff of the Education Department from senior assistant director to senior education officer, more than 40 have reached the age of 50 while another five will turn 50 by 1997.

The Social Welfare Department also sees 27 of its 30 senior staff, from directors to chief social work officers, turning 50 before 1997.

Thirty of the 37 people at the Fire Services Department's senior grades, from directors to senior divisional officer, will also reach 50 by 1997.

According to the chairman of the Senior Non-expatriate Officers' Association, Hui Kwok-hung, the works departments have a serious localisation problem, with the directorate ranks dominated by expatriates.

Among the 10 professional grades spread over the departments such as the Buildings Department, Lands Department, Civil Engineering Department and Environmental Protection Department, expatriate dominance in the directorate ranks is significant.

On average, within the 10 professional grades, expatriates have taken up 35 percent of the directorate positions.

The worst problem is found among quantity surveyors, with the figure standing at 62.5 percent. The percentage of geotechnical engineers remains at 53.3 percent while for estate surveyors and environmental protection officers, the percentages are 46 percent and 40 percent respectively.

#### **Canada To 'Clamp Down' on Immigration Quotas**

HK3010072894 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 30 Oct 94 p 2

[By Ruth Mathewson]

[FBIS Transcribed Text] Canada is expected to clamp down on investor immigration when it announces new quotas this week—a move that will rebound on Hong Kong. Citizenship and Immigration Minister Sergio Marchi is tipped to reduce immigration levels and tighten loopholes in entrepreneurial entry when he releases new quotas on Tuesday.

The move looks set to dampen the hopes of Hong Kong residents hoping to be with their families already in Canada, before 1997. In addition to reducing the immigration levels, the government is planning tougher enforcement of sponsorship obligations by Canadian residents intending to move their family members over. It is believed the move has been prompted by an increasing number of sponsors failing to honour financial obligations of supporting family members who move to Canada.

Last year, the government paid C\$700 million (about HK\$4.018 billion) in welfare benefits and another C\$67 million in pension supplements to immigrants. However, in Hong Kong, Canadian Commission spokesman Neil Reeder was swift to reassure locals that they would not suffer under the new quota system. "The levels may change, but the skills of Hong Kong people are very important to us and they will still be at the front of the

queue. We issued 31,000 visas in 1993-94 and we anticipate issuing that level next year," he said. Mr Reeder said that Canada would not shut the door to Hong Kong immigration.

But political analysts in Canada last week suggested one of Mr Marchi's main targets was to clamp down on those who entered through "entrepreneurial immigrant" channels. Speculation points to immigration quotas dropping from current levels of about 250,000 a year to between 150,000 and 180,000. Entrepreneurial immigrants, who gain citizenship by agreeing to invest large sums of money in Canada, make up about 40 per cent of Hong Kong applicants. But the new category has proven difficult to monitor and is subject to scams, while native Canadians view the "cash for passports" route with disdain.

Canadian Club of Hong Kong immediate past president Conrad So Wah-sum said the mooted intensive monitoring of investors was understandable. "There is abuse of the system. A lot of people are going in for investments but they're not doing what they said they would," Mr So said. "You can't blame the government for monitoring them." He said Canadian authorities needed to take a long-term view of entrepreneurs who gained citizenship only to return to Hong Kong for the final years under British rule.

Their family fortunes and future generations would return to Canada. It would also be foolhardy for Canada to cut down the number of immigrants from Hong Kong. "The people who are worried and wanted to go have done so. The ones who are left have more options open to them," Mr So said. "They are more educated, have more business skills and so on, and they would not be looking at Canada as the only alternative. "This may be the last chance to take the cream of the crop. The ones who are left are looking at Australia, New Zealand, America and Canada. "If you shut it down, you're cutting yourself out of a very competitive market—look at the (United States) green card lotteries being advertised in Hong Kong."

Mr Reeder said about 40 per cent of Hong Kong people migrating to Canada did so under the entrepreneur scheme, 40 per cent under the family reunion scheme and 20 per cent under the "skilled independents" category. Research has shown skilled independents draw better wages than family-class immigrants, and lobbyists are urging the government to weigh immigration quotas more heavily towards independents. The Canadian Government is required by law to inform Parliament next month (November) of its intended immigration levels for the coming calendar year.

#### **Official on Emigrant Permanent Resident Status**

HK0111134994 Beijing ZHONGGUO XINWEN SHE in Chinese 1314 GMT 17 Oct 94

[By reporter Dong Huifeng (5516 2585 1496)]

[FBIS Translated Text] Beijing, 17 Oct (ZHONGGUO XINWEN SHE)—Wang Fengchao, deputy director of the State Council's Hong Kong and Macao Affairs Office, met the visiting delegation of the board of directors of Hong Kong's Pok Oi Hospital this evening in Beijing. He briefed the delegation on the proposal by the social and security panel of the Preliminary Working Committee [PWC] regarding the issue of the permanent resident status of Hong Kong emigrants who return after 1997, and clarified some recent reports by Hong Kong's mass media.

Wang Fengchao said: According to China's nationality law, if these returning emigrants acquire foreign nationality when they reside in a foreign country, they will automatically lose Chinese nationality, therefore they are persons of foreign nationality. These kinds of people have made their contributions to the prosperity and stability of Hong Kong. Regarding their demand to return to Hong Kong to reside, we should hold a welcoming attitude, and regarding their demand to maintain the status of permanent Hong Kong residents, we should hold a positive attitude.

He said that the social and security panel of the PWC once discussed the issue of the permanent resident status of these kinds of persons after they return to Hong Kong. Its proposal is as follows: If these persons return to Hong Kong and settle down before 1 July 1997, their Hong Kong permanent resident identity cards will continue to be valid; if they return to the Hong Kong Special Administrative Region [SAR] after 1 July 1997, they can reside and work in Hong Kong free from the restrictions on domicile conditions.

Among the recent reports from the Hong Kong press, one said: Wang Fengchao said when meeting visitors that Hong Kong emigrants who return before July 1997 can enjoy the status of permanent Hong Kong residents only after they give up their foreign nationalities. Regarding this, Wang Fengchao said that when he answered a guest's question in the afternoon of 12 October, he did not mention the giving up of "foreign nationality" or "passport." The Hong Kong guest also clarified the issue that evening. When we comment on this issue, we should respect the facts which are clarified by the person concerned.

During the 80-minute meeting, Wang Fengchao also answered questions on the establishment of the provisional legislature in the SAR, the Hong Kong retirement scheme, and so on.

The 32-person delegation was headed by Li Chia-sung, chairman of the board of directors of Hong Kong's Pok Oi Hospital.

#### **Editorial Criticizes British on Sewage Project**

*HK011135194 Hong Kong TA KUNG PAO in Chinese 31 Oct 94 p 2*

[Editorial: "What Is the Use of Creating an Alarming Public Opinion?"]

[FBIS Translated Text] The day after the Sino-British Joint Liaison Group [JLG] announced that a meeting of experts would be held to discuss Hong Kong's sewage treatment and discharge plan, the British side stated through a newspaper that "the British side can hardly promise that the Hong Kong Government will no longer approve the project contracts for the first-phase sewage treatment and discharge plan before both sides reach an agreement," revealing that more contracts would be approved at the beginning of next year, and "stressed" that "if the first-phase sewage treatment and discharge project is delayed, the pollution problem of Victoria Harbor will seriously deteriorate and the Hong Kong Government will not look on unconcerned."

If this report is true, it deserves our deep consideration.

The scheduled meeting of experts on discussion of the sewage treatment and discharge issue will take place against the backdrop of the repeated British assertion of stepping up cooperation with its Chinese counterpart and, therefore, there should be a relatively sound climate for it. Why did the British side create a forced and threatening public opinion?

The British side hastily approved contracts for the sewage treatment and discharge project, a capital construction project which will take huge investment and straddle 1997, before consulting the Chinese side. This way of doing things itself is a violation of the Sino-British Joint Declaration. At the previously held meeting of experts of the JLG, the Chinese side raised many questions in the hope of having consultations with the British side. At that time, the British expressed endorsement of discussion with and providing materials to the Chinese side. Three months or so have passed since then, during which the British side repeatedly promised to strengthen cooperation with the Chinese side. Therefore, before the ongoing meeting of experts to discuss the sewage treatment and discharge issue, the British should have given satisfactory answers to the questions raised by the Chinese side and strived for an early agreement and start of construction.

With regard to Hong Kong's sewage treatment and discharge project, the Chinese have repeatedly expounded the following points: 1) The Chinese side has always followed Hong Kong's environmental pollution problems with interest and actively supported Hong Kong's efforts in environmental improvement and control; 2) since the British Hong Kong Government's sewage treatment and discharge project is huge, straddles 1997, and has a certain impact on the mainland's waters, it is necessary to discuss it at the JLG's meetings and it is unwise to hastily approve contracts before the consultations yield results; and 3) it is hoped that the project will be in line with the principle of cost-effectiveness. It must be said that this approach and attitude is beyond reproach.

At the previous meeting of experts, the British side said that the Chinese side raised 15 questions, while the



Chinese side maintained that it raised numerous questions and, in any case, there were a lot of question marks over the project. According to the revelations of the two sides, the questions focused mainly on cost-effectiveness, sewage treatment and discharge project facilities, and their future impact on Hong Kong and impact on its contiguous regions. These are all important issues which should be earnestly studied through discussions and on which a consensus should be reached. Hastily approving contracts for and undertaking the project is an irresponsible way of doing things and it will bring about harmful consequences to Hong Kong and its contiguous regions.

Chen Zuoer, representative of the Chinese side of the JLG said: After the previous meeting of experts, the Chinese side seriously studied the eight cases of materials provided by the British side and invited many experts in environmental protection and marine affairs of international levels to attend the research. Thus, the Chinese side is fully prepared for the ongoing meeting. So long as the British side has sincerity in cooperation and gives full consideration to Hong Kong people's immediate and long-term interests, a consensus of understanding on Hong Kong's sewage treatment and discharge plan should and can be reached as quickly as possible. We do not know why the British side created, prior to the meeting, public opinion detrimental to negotiations and the reaching of an agreement.

In creating such public opinion, the purpose of the British side is nothing but telling the Chinese side: We will approve contracts whether an agreement can be reached or not. In any case, contracts will be approved again at the beginning of next year. If we are not allowed to approve contracts in the absence of an agreement and the sewage treatment and discharge project is thus delayed, the pollution of Victoria Harbor will seriously deteriorate. You will be responsible for it and we cannot look on unconcerned. Is this an attitude one should take in discussing and solving problems? Undoubtedly, this is a blackmailing way of doing things and an attempt to compel the Chinese side to accept what it says and does. In fact, the Chinese side is reasonable. So long as the British side's plan is in line with the principle of cost-effectiveness and the project facilities enable Hong Kong to really discharge its sewage and protect the environment and its discharged sewage will not bring trouble to its contiguous regions, the Chinese side will agree to the plan. Otherwise, it is impossible for the British side to realize its unreasonable demands no matter what means it adopts.

At this point, one may naturally associate this way of doing things with the British side's attitude toward the issue of Container Terminal 9. The British side introduced a political factor and contracted out Container Terminal 9, in the form of private franchising, to a British financial group which undertakes no responsibility for Hong Kong and is inexperienced in running container terminals. This is not normal or fair. Practicing public bidding and introducing competition on an

equal-footing basis, which was suggested by the Chinese side, complies with the principles of market economy and is thus open and rational. The British has repeatedly rejected the Chinese side's reasonable proposal and stuck stubbornly to its own erroneous way of doing things. The Chinese will not recognize any franchises approved unilaterally by the British side and they cannot go beyond 1997. It is our hope that the British side will not undertake the sewage treatment and discharge project with the same attitude it has adopted toward the issue of Container Terminal 9, that is, sticking to its old way of doing things and acting willfully. Instead, it should have full discussions, reach a consensus, and conclude an agreement with the Chinese side as early as possible.

#### **Editorial: Concern Over PRC Appeal Court Position**

*HK0211050194 Hong Kong SOUTH CHINA MORNING POST in English 2 Nov 94 p 20*

[Editorial: "Rule of Law Uncertain"]

[FBIS Transcribed Text] The warning by a senior Chinese official that it has become "impossible" to have the Court of Final Appeal (CFA) in place before 1997 and have it continue after the change of sovereignty should be of concern to all those who continue to value the rule of law. The official said China has no intention of departing from the Joint Liaison Group's (JLG) 1991 agreement in principle on the "early establishment" of the Court. But his warning seems to contradict that position and throw doubt on China's commitment to other JLG agreements. If Beijing is prepared to renege on one JLG decision because of its inability to co-operate with Britain, what other hitherto unquestioned policies will it now be ready to unpick?

But the real menace seems to be uncertainty over China's intentions. It is clear the official meant there should be no through-train for CFA judges. That in itself is bound to damage confidence in the Basic Law, which states that judges in office before 1997 "may all remain in employment and retain their seniority". There is nothing in the Basic Law which says it does not apply to CFA judges.

It is possible that a refusal to recognise the Governor's right to appoint CFA judges before 1997 implies no more than that they will have to be endorsed by the Special Administrative Region Chief Executive and the Legislative Council after the handover to remain in office. That could be done as soon as the Court ordinance had been amended to accommodate the additional requirements of the Basic Law.

But it is also possible that a refusal to recognise the appointments implies a refusal to recognise the Court at all. If so, it is unclear whether its judgments and precedents would be upheld after 1997. Confidence Affected [subhead]

Failure to do so would be a disaster for confidence and the rule of law. Perhaps, instead, although the official

said the CFA would still be discussed in the JLG, China may decide to stop its establishment by refusing to endorse the proposals for setting it up. The question of a through-train would then be purely academic.

Any of these scenarios destroys the 1991 agreement, which was designed to ensure the establishment of the CFA before the handover and ensure there was no legal vacuum when Britain's Privy Council ceased to function as the territory's highest court of appeal. But they would technically be in line with the Basic Law, which was originally drafted on the assumption that the CFA would be set up after 1997.

Much of the justification put forward for the Chinese change of heart is spurious. The Supreme Court can and should be set up under the British system without the endorsement of Legco, which has traditionally had no say in the appointment of judges.

#### **Matter of Urgency**

Since the Basic Law requires Legco endorsement after 1997, judges can be reconfirmed then without reliance on a 1995 legislature China does not recognise. Nor can it be the case, as the official appeared to suggest that the

Privy Council will still be working on Hong Kong cases after July 1, 1997. Its jurisdiction will no longer be recognised.

However, at bottom, the problem boils down to a difference of perception over the urgency of having a CFA in place and working before time runs out for sending cases to the Privy Council. The British attitude is that some form of higher appeal court must be available at all times. That is part of its tradition of the rule of law. China does not appear to be convinced a short period of legal vacuum will destroy the fabric of Hong Kong or undermine business confidence.

However, to companies used to doing business in Hong Kong China's position will be incomprehensible. It could seriously damage investment in the territory and do irreparable damage to Hong Kong's reputation as a territory governed by law. Confidence in China's willingness to equip itself with a modern legal system would also suffer. The many businessmen who have tied their fortunes to China's economic development must do their utmost to convince its officials of the folly of undermining Hong Kong's judicial system, however temporarily. It does not seem to make sense to allow short-term political squabbles to destroy Hong Kong's long-term prosperity.

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